



Daily Report

East Asia

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Japan

Fuji Film Says Survey Disproves Kodak Claims

OW2112124095 Tokyo KYODO in English
1158 GMT 21 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 21 KYODO — Fuji Photo Film Co. said Thursday [21 December] an independent market survey proves that Eastman Kodak Co.'s charges of anticompetitive practices by the Japanese film maker are false.

"There can no longer be any question that Kodak's allegations are wrong," Masayuki Muneyuki, Fuji's senior managing director, told reporters in revealing the survey results.

"Fuji has presented conclusive evidence that Kodak film is available in retail outlets accounting for the vast majority of total film sales in Japan," he said, adding Kodak has lost the basis of its attempt to manipulate the U.S. Government.

Muneyuki said Fuji will submit the 80-page survey report to the Office of the U.S. Trade Representative [USTR] on Thursday.

Earlier this year Kodak filed a complaint with the office, alleging that the Japanese photographic market is unfairly controlled by Fuji.

Based on the petition, the USTR office is now investigating the Japanese film market under section 301 of the 1974 trade act which allows the USTR to take retaliatory action against any country with what it sees as unfair trade practices.

Fuji said the survey, conducted in September, covered 4,772 retail stores, which account for more than 95 percent of customers of Fuji's four primary distributors.

The survey showed 78 percent of the surveyed stores already stock Kodak film or have an existing relationship with a Kodak supplier, it said.

The 78 percent of stores account for 87.3 percent of the total sales volume of all primary distributors, Fuji said.

Fuji also said the survey shows that Kodak has the best market coverage of all, even in photo shops where Kodak claims that Fuji restricts its access.

Kodak products are available in shops which, on a regional basis, represent between 74.0 and 91.8 percent of total sales volume among photo shops in Japan, it said.

Fuji said the survey supports its insistence that the real reasons for Kodak's difficulties in Japan are not any conspiracies between government and industry as alleged by Kodak, but "very practical realities."

According to the survey, 427 stores had stopped dealing in Kodak film and 54.6 percent of them said they stopped marketing Kodak products because they do not sell well, Fuji said.

Other reasons included 13.8 percent replying that Kodak film quality is inferior and 13.6 percent saying Kodak does not make sufficient sales efforts, according to Fuji.

PRC Platform Linked to 'Suspicious Activities'

OW2112010695 Naha RYUKYU SHIMPO
in Japanese 19 Dec 95 Morning Edition p 1

[FBIS Translated Text] Tokyo — It was learned on 18 December that a Chinese oil platform has been anchored in an area north of the Senkaku Islands, over which Japan claims territorial rights, and has been carrying out suspicious activities since early December.

This was discovered by the Maritime Safety Agency [MSA]. The MSA discovered that the Chinese oil platform is anchored in the East China Sea on the Japanese side of the boundary dividing Japanese and Chinese territory, and reported this to the Ministry of Foreign Affairs [MOFA].

MOFA verified with China, through diplomatic channels, the purpose of such activities, and explained Japan's position on this problem, but the PRC insisted that the area is within its national territory. This issue is expected to have further repercussions.

According to the MCA, its airplanes spotted on 1 and 3 December the oil platform "Kantan 3" anchored near the Japan-China boundary. The MCA sent patrol boats to the site and verified the location of the oil platform with its satellite surveying system, and found that the vessel was around 570 meters inside the Japanese side.

This site is around 340 km north northeast of Yutiao Island (or around 370 km north of Miyako Island). As of 18 December, the oil platform has remained in the same location; the MCA is continuing its surveillance.

The East China Sea area on the Japanese side of the boundary is an area where "resources exploration without permission is not allowed." This is the first time that a Chinese oil platform has intruded into the area.

With regard to Chinese resources exploration in Japanese sea areas, it was found in May and June that ocean explorers had been engaged in resources exploration and detailed surveying. The government complained to the PRC and demanded a halt to such violations of Japanese sovereignty.

The UN Convention on the Law of the Sea, which Japan plans to ratify next year, stipulates that "resources on

the continental shelves also affect the interests of the coastal states." However, Japan and China differ in their definition of the boundary of the continental shelves affecting national interests. This issue may develop into a diplomatic issue.

Ozawa on Anti-Japanese Education in PRC, ROK

*OW2112034695 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 19 Dec 95 Morning Edition p 2*

[FBIS Translated Text] Ichiro Ozawa, secretary general of the New Frontier Party, delivered a speech in Tokyo on 18 December. Touching on the Japan-ROK and Japan-PRC relations, he said: "As long as the two countries continue to conduct politically motivated anti-Japanese education, there will be no future." In criticizing the "anti-Japanese education" conducted in the two countries, Ozawa added: "As a result of conducting thoroughgoing anti-Japanese education, people will be made not to forget hatred, and then what will remain is nothing but hatred."

Ozawa made these remarks while stressing the importance of mutual understanding between Japan on the one hand and China and the ROK on the other. He emphasized: "What is of great importance to Japan in the future is to build cooperative relations while studying intently the historical facts and what Japan had done in the past. The major mission for Japan is to render assistance to its neighbors or neighboring countries in real earnest so that they can enjoy a more affluent life."

Portugal To Support Security Council Bid

*BR1912140595 Lisbon DIARIO DE NOTICIAS
in Portuguese 16 Dec 95 p 8*

[Unattributed report: "Portugal Supports Japan in United Nations"]

[FBIS Translated Text] During his meeting with Japanese Prime Minister Tomiichi Murayama, Mario Soares repeated Portugal's support for Japan's bid for a permanent membership of the UN Security Council.

At the end of the meeting the Portuguese president said that he and Tomiichi Murayama had also examined bilateral relations between Portugal and Japan. These "relations are marked by growing economic trade, with a rise in Portuguese exports to Japan and a rise in Japanese investment in Portugal."

Soares' meeting with Murayama came during the Portuguese president's five-day visit to Tokyo to preside over the first full session of the Independent World Commission on Oceans [IWCO] that ended yesterday. The meeting with Murayama was also attended by Expo 98 Commissioner Cardoso e Cunha, who handed the

Japanese prime minister a letter repeating the invitation made by [Prime Minister] Cavaco Silva for Japan to participate in the world fair.

The IWCO was founded in June to promote the application of the UN convention on the Law of the Sea and to present a report to the UN General Assembly containing recommendations on the "general state" of the oceans in the 21st century. The Commission will be wound up in 1998 after a last full session in Lisbon as part of Expo 98, and once it has presented its report to the United Nations.

Foreign Ministry Announces Aid Packages

To Swaziland

*OW1912113895 Tokyo KYODO in English
1040 GMT 19 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — Japan will extend grant aid of up to 660 million yen [Y] to Swaziland to help supply provincial areas of the southern African country with water, the Foreign Ministry said Tuesday [19 December].

Officials of the two countries exchanged notes on the aid earlier in the day in Mbabane, the capital of Swaziland on the southern tip of Africa, the ministry said.

The grant will aim to improve the sanitary situation in Swaziland's farm areas, where about 76 percent of its population reside, it said.

To Costa Rica

*OW2112003695 Tokyo KYODO in English
2309 GMT 20 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 21 KYODO — Japan will extend up to 50 million yen in cultural cooperation to Costa Rica, the Foreign Ministry said Thursday [21 December].

Notes on the aid were exchanged Wednesday between the officials of the two countries in the Costa Rican capital of San Jose, the ministry said.

The sum will be used to purchase equipment necessary to print school textbooks and teaching materials and help promote education in the central American country, it said.

Embassy Announces Project Aid to Nepal

*OW1912122295 Tokyo KYODO in English
1156 GMT 19 Dec 95*

[FBIS Transcribed Text] Kathmandu, Dec. 19 KYODO — Japan agreed Tuesday [19 December] to grant 55,685 dollars to Nepal for implementation of two "grassroot

projects" in the kingdom, the Japanese Embassy said here in a press release.

Of the amount, 30,537 dollars will be utilized for construction of a girls' hostel in the Sankhuwasabha District in the east of the country, while the balance will be spent for renovation and preservation of the historic buildings of the capital city Kathmandu, the release said.

Japanese Ambassador to Nepal Shigenobu Yoshida, signing the grant contracts, expressed the hope that the grant, provided as direct support by a donor country to local communities, would prove particularly useful.

Firm Apologizes for 'Editing' Reactor Video

*OW2012153695 Tokyo KYODO in English
1505 GMT 20 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — The corporation that runs the prototype fast-breeder reactor Monju in western Japan apologized Wednesday [20 December] for editing a videotape in an attempt to cover up the extent of a sodium leak that forced the shutdown of the plant on Dec. 8.

The apology by Hiroshi Oishi, head of the Governmental Power Reactor and Nuclear Fuel Development Corp. (Donen), which runs the plant in Tsuruga, Fukui Prefecture, at a news conference confirmed that Donen deliberately withheld video footage showing, for instance, the cooling pipe from which the sodium is believed to have leaked.

"We deliberately cut the video because the sodium leak was greater than imagined," Oishi said, adding he hesitated to publicize the full video.

Donen initially claimed it did not tape more than the four-minute version that was shown to Fukui prefectural and Tsuruga municipal authorities and the media. The corporation has already betrayed public trust by failing to report the accident immediately to the authorities.

Takao Takahashi, a Donen board member, faced a barrage of questions about the corporation's information policy when addressing a news conference at the Monju plant, but failed to come up with an explanation for the editing of the video.

"We have found that there is more than 10 minutes of video footage that has not been made public," Takahashi said. Asked for a reason why Donen withheld information, he said, "there is none."

The Science and Technology Agency, which is investigating the cause of the sodium leak, Wednesday threatened Donen with punishment if it remains uncooperative after judging that its failure to show the video, taped on

Dec. 9, to agency inspectors amounted to a refusal to cooperate.

The agency decided to switch to a stricter on-the-spot investigation regime invoking legal regulations under which Donen can be slapped with penalties if it refuses to submit requested information or otherwise blocks the probe into the cause of the accident, which nuclear experts have called severe.

It is the first time that the agency has taken such a measure.

"We cannot trust Donen's report. It's a deplorable situation," said Shinichiro Ogura, head of the agency's Reactor Regulation Division.

Increasingly concerned about the lack of transparency about occurrences at the Monju plant, the Fukui City Assembly on Wednesday unanimously passed a petition urging that a wider range of local municipalities be covered by a safety accord with Donen.

The move came after both Donen and the prefectural government failed to inform the city, which is located some 50 kilometers from the fast-breeder, about the sodium leak.

So far only Fukui Prefecture and six municipalities within a 10-kilometer radius of Monju are included in the safety accord, which provides the basis for on-the-spot inspections by local officials.

Fukui Mayor Tetsuo Sakai said, "We want the government to study and assess what damage could result from an accident from various angles."

Thirteen officials from Fukui Prefecture, the city of Tsuruga, and towns and villages near the reactor site on the Sea of Japan inspected the plant earlier Wednesday to confirm the contents of an earlier accident report.

Ryuji Gunki, a chief engineer with the prefecture, said, "There has been a lack of trust because of Donen's reaction to date concerning the reporting of the accident and anti-leak measures at the time of the accident."

"In future we will ask Donen for substantial improvements and for a clarification as to the causes of accidents," said Gunki.

The prefecture plans to ask Donen to review its accident report based on Wednesday's inspection and to make public the revised report by Tuesday.

Ozawa Discusses Security, Economic Policies

*OW2112010795 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 16 Dec 95 Morning Edition p 2*

[Interview with Ichiro Ozawa, New Frontier Party secretary general, by an unidentified NIHON KEIZAI SHIM-

BUN reporter at a hotel in Osaka on 15 December; first paragraph is NIHON KEIZAI SHIMBUN introduction]

[FBIS Translated Text] The campaign for the New Frontier Party's [NFP] presidential election will start on 16 December. The race is an exclusive contest between Secretary General Ichiro Ozawa and Vice President Tsutomu Hata. The campaign will last until 26 December and the outcome will be announced on 28 December. In a 15 December interview with NIHON KEIZAI SHIMBUN at a hotel in Osaka, Ozawa disclosed his scheme for the election. The following is the gist of the interview.

[NIHON KEIZAI SHIMBUN] Why did you decide to run in the election?

[Ozawa] Although I thought my policies would never be accepted by other party members, some supported them and said they would like to jointly implement them. That is the reason. Winning the party presidential post is not my ultimate goal. What matters is whether or not I can implement my policies. Becoming the party head and taking the reins of government are merely steps to attain my goal.

[NIHON KEIZAI SHIMBUN] This is the first time you are running for the post. How do you feel?

[Ozawa] I have left everything to my supporters. I am doing what they say.

[NIHON KEIZAI SHIMBUN] Some people say that rivalry between you and Hata could trigger a split in the NFP.

[Ozawa] If a party breaks up each time it holds an election, democracy will collapse. You have to accept the outcome obediently. Those who would decide to leave the party only because they do not like the outcome do not understand democracy.

[NIHON KEIZAI SHIMBUN] If elected a new NFP head, how would you treat Hata, from the viewpoint of strengthening party unity?

[Ozawa] I have not thought of personnel affairs at all. I have no idea about the lineups of the NFP leadership following the election.

[NIHON KEIZAI SHIMBUN] When do you think the House of Representatives will be dissolved for a general election? Are you considering proposing a no-confidence motion against the Murayama cabinet?

[Ozawa] Somehow I would like the cabinet to decide to seek mandate of the nation in a snap general election. Whether I am elected a new NFP head or not, I will have to study measures for this. A no-confidence motion

alone will not do any good, as it will immediately be voted down."

[NIHON KEIZAI SHIMBUN] What is the relationship between the Self-Defense Forces [SDF] and the police contingent which you have proposed to establish?

[Ozawa] Because of the principles stipulated in Article 9 of the Constitution, dispatch of the SDF personnel overseas causes misunderstanding at home and in neighboring countries that it is an "overseas expedition by Japanese Army troops." Thus, it is better to enact a fundamental security law and set up a unit separate from the SDF based on this law to avoid such a misunderstanding. It is acceptable to assign SDF personnel to the new unit.

[NIHON KEIZAI SHIMBUN] You have proposed drastic tax cuts and domestic investment as measures to revitalize the economy. You have also proposed that after these measures are implemented, the consumption tax should be increased. How will the revenues for the tax cuts and domestic investment be raised?

[Ozawa] We will have to totally resort to national bonds for the first five years (before the consumption tax hike). The economy will begin to pick up and economic structural reform will progress in five years. If things progress as expected, the consumption tax rate should be raised from the current 3 percent to 6 percent to make up for one-half of the advance investment, which will total about 20 trillion yen. If GNP (gross national product) continues to grow 3 percent annually, the consumption tax rate should be increased to 10 percent in 10 years.

[NIHON KEIZAI SHIMBUN] What do you think of carrying out redenomination (currency devaluation)?

[Ozawa] I think it is better that it be implemented. However, its timing and method should not be announced at the outset.

Article Views Maneuvers by Former Keiseikai

952B0235A Tokyo SHUKAN BUNSHUN in Japanese
7 Sep 95 pp 150-151

Article by Junya Yano: "Two 'Traps' Which Await 'Conceited' Hashimoto: Leaders of Former Keiseikai Apprehensive" (Number 63 in series "Inside Guide to Nagatacho")]

[FBIS Translated Text] In the end, Kono gave up the idea of running in the election for party president. Even Secretary-General Mori, who had teamed up with him as president and secretary-general, was pressured by junior members saying: "We cannot win elections with Kono." He was in a dilemma, saying: "I cannot support Kono actively." With Kono's guardian, former prime minister

Miyazawa, "in seclusion in Karuizawa" at the important time, it cannot be helped if things worked out like this. However, among the elders of the former Keiseikai there is a view which is apprehensive about the future, saying: "We must not destroy Kono. We should preserve him." There still remained future-prospects for Kono.

The LDP's "Two Overreactions"

I have predicted "Hashimoto's ascendancy" in SHUKAN BUNSHUN. It was merely a matter of predicting the situation in an evenhanded manner. It does not mean that I sided with Hashimoto. Defeat in the Upper House election aroused the LDP's sense of crisis. Thereupon, two overreactions appeared.

One is that there arose an atmosphere of looking forward to Hashimoto, thinking that he will be "a president who can win elections." The other was the recent major reshuffle of the cabinet by which Kono, who was rushed because of that atmosphere, sought to win over the Mitsuzuka faction. Kono's high-handedness, such as seeking to resign his own position of foreign minister, ended up going against him; moreover it removed from the cabinet Kamei and Nonaka, the "hard liners" in the Murayama cabinet.

Initially, Kamei was clearly a Kono supporter. Kamei and his associates appear to have viewed the political situation as one in which "In order to support the Murayama government, it is better to not stir up too much strife." This view of the political situation was shared by many Diet members of the Liberal Democratic Party. Then Kono went and purposely created the big wave of a major cabinet reshuffle.

In spite of the fact that Kamei and his associates were expressly thinking: "we will support reelection of Kono without strife," Kono started a commotion. He said of Kamei and Nonaka, who Prime Minister Murayama wanted to retain in office, "I am uncomfortable with them because they say unpleasant things bluntly without reserve," and he was dazzled by the prospect of increasing new cabinet ministers, which could create "favors for others, which would be repaid," so he abandoned Kamei and Nonaka outside the cabinet.

Kamei and Nakano have staunch friends in other factions. These friends acted, thinking: "the strife was created by Kono, it is not our fault." Thinking: "Well, shall we take advantage of this wind," they became the vanguard of support for Hashimoto. That was Kono's biggest mistake. It cannot be too much deplored.

I hope that Kono, too, will have a success after this failure by espousing protection of the constitution and liberalism. He will have another turn.

The Possibility of a "Third Candidate"

Kono and Hashimoto have excellent qualifications. Kono criticized Kakuei Tanaka's politics, and formed the Shinjiyu Club. There is something "single-minded" and pure-hearted about him. Hashimoto "loves to study" and is a politician who is outstanding on policy among both the government and opposition parties. Both are a shade or two different from past LDP leaders Miki, Kakuei Tanaka, Ohira, Fukuda and Nakasone.

Confucius said: "gather together; do not not form a party." In the sense of "not gather together," both Kono and Hashimoto do not even "gather together," much less "form a party." This is an advantage, and also a defect.

As to the outcome of the presidential election, the situation changed drastically by Kono's refusal to run.

Mitsuzuka complains: "I was sure it was certain that Hashimoto would not run in the presidential election." Even if one cannot take this at face value, there was certainly a movement of leaders of the former Keiseikai which was cautious regarding supporting Hashimoto, namely, the idea for compromising by having Kono as president and Hashimoto as secretary-general without a presidential election.

There was a reason for that.

The current of supporting Hashimoto originally began from anti-Kono and non-Kono quarters. With Kono having given up the idea of running, will they actually be able to maintain their centripetal force like this, and it be a matter of Hashimoto running unopposed?

For some time YKK [Taku Yamasaki, Koichi Kato and Junichiro Koizumi] were advocating an open election for president. (Koichi) Kato says he "will not run," but will YKK's honor stand if Hashimoto runs unopposed? There is little probability of it, but one can also not deny the possibility that a "third candidate" will appear in the future and "fish in troubled waters."

As a pessimist, it is still doubtful to me whether a Hashimoto government will be born. Two big "traps" await Hashimoto. One is scandals, the other is that Hashimoto will become "conceited," and dig his own grave.

Even the leaders of the former Keiseikai are apprehensive that Hashimoto has "a high probability of becoming 'tabloid-type pet topic of conversation'." The most dangerous thing now is a lot of Foreign-Ministry related talk that is being leaked. It is said that there is even danger of damaging the national interest if it is not properly handled.

Possibly a move may appear to advise Hashimoto that he should be cautious about running.

Even if Hashimoto were to become president, he is prepared to support the Murayama government for the present. At the official residence of the prime minister the work of preparing for President Hashimoto and of studying "how to deal with him" began early. The result was that they came to the conclusion that: "Even after the presidential election is finished, Prime Minister Murayama will watch the situation for a while. He will not transfer the government immediately." It is a scenario in which the Hashimoto LDP would gradually become more independent, and discord would appear among the LDP, Social Democratic Party of Japan and New Party Sakigake. In due course Prime Minister Murayama would get sick of it, and a Hashimoto government would be born.

Though the elders of the former Keiseikai are confident that "if it is Hashimoto, he will be good at policy, and will also probably take measures on business conditions," they worry that "the country will be in upheaval if Hashimoto becomes 'conceited.'"

In the past there were such persons as Kanemaru who remonstrated with Hashimoto. Now there is no one in the cabinet or in the LDP who can speak plainly to Hashimoto. A model for that was Hashimoto's pace in the Japan-U.S. automobile negotiations. Former secretary-general Kajiyama might say: no, "I remonstrate with him." But if Hashimoto became prime minister, he would probably not listen even if Kajiyama spoke to him plainly.

Hashimoto's overconfidence probably comes from his own efforts and pride, but Japan is a country of democratic government. It is important that "All discuss and decide things together. And all put it into practice together." Even people who support Hashimoto support him while saying in their hearts "it is intolerable."

A Return to a "Conservative-Conservative Alliance"

A different leader of the former Keiseikai said "If Hashimoto were president it would be better to have as secretary-general someone like the New Frontier Party's Funada." This is probably a true feeling that he "biurted out unintentionally."

There are many persons who judge that there would be another return to a conservative-conservative alliance if Hashimoto were to become president. It would be a conservative-conservative alliance as insurance for the time when the SDPJ and Sakigake leave in the course of Hashimoto seeking to lead the government. The main point is "anticipation that," excluding Ozawa, "Diet-

members of the former Keiseikai who belong to the New Frontier Party would return to the LDP." Moves in agreement to that have begun to appear in the New Frontier Party. All the more so because the presidential election has the tone of "a president who can win in elections," it will soon develop into "a combination that is sure to win elections," and "a combination that can win elections." This becomes an atmosphere which looks back with nostalgia at the policy line of expansion without regard to appearance in the days of Kakuei Tanaka. There is a high probability of returning to the politics led by the former Keiseikai.

What is politics led by the former Keiseikai? To put it strongly, it is said to be a doctrine of expansion in "money, votes and posts." Some people say one need not worry too much, because there is now no bold person like the Kakuei Tanaka of the past. But the expansionism of the Keiseikai, at least, is alive and well.

For example, election measures led by the former Keiseikai have progressed, as can be seen in the return to the LDP of Kagoshima's Hooka. If this move, too, is said to be an LDP measure for the Lower House election, other factions also cannot complain. In particular, the inferiority of the Kono executive's election measures was proved in the Upper House election, so LDP Diet members were also irritated.

In the past, that method became keen competition among factions, and produced the party's vitality. But factions no longer have enough power to compete with each other. Factions other than the former Keiseikai gradually began to worry. This anachromism will become a return of the money politics of the past, which will be sure to invite a big reaction some day.

Article Views Blocking of Owada Ambassadorship *952B0226A Tokyo SENTAKU in Japanese Aug 95* *pp 50-51*

[Unattributed article: "Inside Facts on Drama of Private Decision on 'Ambassador to U.S. Saito': 'Pro-Constitution Trio' Who Repelled the Favorite, Hisashi Owada"]

[FBIS Translated Text] In the beginning of June, prior to the end of the regular session of the Diet, Foreign Minister Yohei Kono informally arranged a personnel move making Administrative Vice Minister Kunihiko Saito to succeed Ambassador to the U.S. Koichi Kuriyama. For one to become ambassador to the United States after being administrative vice minister is, so to speak, an "ordinary personnel move" in the Ministry of Foreign Affairs. Both Kuriyama and his predecessor, Ryohei Murata, followed that same

course. It seems likely that Saito will take over from Kuriyama at the close of the Asian Pacific Economic Cooperation forum (APEC) which will be held in Osaka in November.

However, the uproar until things settled down certainly did not have the appearance of an "ordinary personnel move." It was an informal appointment after many difficulties.

The center of the straying off course is UN Ambassador Hisashi Owada. Owada, who is Saito's predecessor as vice minister, became ambassador to the United Nations in the spring of 1994. At that time the Hosokawa government was in power. The minister for foreign affairs was Tsutomu Hata. The announcement said: "At a time when diplomacy with the United Nations as a stage is increasing in importance, with Japan joining the permanent members of the UN Security Council and so on, we ventured to appoint someone with vice ministerial experience."

Actually, there was another reason for Owada's appointment to UN ambassador. The question of how to treat Owada, who was the father of the Crown Princess as well as vice minister, had puzzled the brains of the top people at the prime minister's residence and the Ministry of Foreign Affairs since the previous year. Under normal circumstances the ambassador to the United States would be the leading candidate for the UN ambassadorship. In the spring of 1993, while a vice minister, a "caretaker role," Owada visited the United States and busily prepared for the Japan-U.S. summit meeting which would be the first meeting of Kiichi Miyazawa and Clinton. He, himself, was filled with enthusiasm for "the role of helmsman of Japan-U.S. relations."

Kono Strongly Opposed "Owada's Appointment"

Nevertheless, the conclusion arrived at by Hata and his group was "UN Ambassador Owada." It is also true that Kuriyama's term in office was short, at two years, but I hear that a judgment operated that "it is undesirable to place the father of the crown princess in the front line of the Japan-U.S. economic conflict, where the national interest is exposed to view." Owada was newly appointed to New York, not Washington. It was the first time since 1961 that a person with experience as vice minister became UN ambassador. Owada's thoughts must have been complicated.

One year later, the curtain rose again on personnel changes. Kuriyama's term in office exceeded three years, so the time for replacement arrived. There are two candidates. They are Owada and Saito. Saito is three years junior to Owada. They both served as chief of the Treaties Bureau, and both also became vice ministers

after being deputy vice ministers for foreign affairs in charge of politics. But in contrast to the fact that Owada has wide personal contacts in the United States, and is known as such an authority on international law that he also served as a visiting professor at Harvard University, Saito's main record is on the level of ambassador to Iran, and he also has no experience of service in the United States.

The outcome appeared to be obvious from the beginning. There remained a feeling that the treatment of Owada was somehow incomplete, and it was clear that he, himself, still had ambition to be ambassador to the United States. Above all, Saito strongly recommended him, saying: "I have never served in the United States. Choose Owada by all means," and continued to say in a serious manner: "I want to spend time playing the piano after retirement."

But the appointment of the ambassador to the United States, which it had appeared would be settled as early as April, kept being postponed. What was occurring during this time? What is clear is that Foreign Minister Kono continued to strongly oppose Owada's appointment. "It is undesirable to place the father of the crown princess in the front line of diplomacy toward the United States." It was the same reason as one year before. His posture of rejection did not waver even though Saito repeatedly recommended "appointment of Owada."

Why did Kono dislike the idea of "Ambassador to the United States Owada" that much in spite of the fact that Owada himself wanted it and the responsible authorities in the Ministry of Foreign Affairs strongly recommended it? One would expect that there were circumstances there which could not be explained solely by Owada being "the father of the crown princess." What began to come to the surface vaguely was that behind Kono's disapproval was the fact that there was strong criticism by Masaharu Gotoda and other members of the pro-Constitution faction of the fact that, including the time when Owada was vice minister, he showed moves which appeared to lead the direction of policy on such questions as participation in peacekeeping operations and Japan becoming a permanent member of the UN Security Council. Owada, who is known as the leading polemic of the entire Ministry of Foreign Affairs, is also the possessor of a strong sense of mission. In the time of the Miyazawa cabinet, following the dispatch of Self Defense Forces to Cambodia, he strongly advocated participation in peacekeeping operations in Mozambique as well. In the course of drawing up the the Peacekeeping Operations Bill also, he showed disapproval of freezing participation in peacekeeping forces (PKF). His stock argument is: "We can proceed in Japanese fashion, but

it will be very costly. If we do not contribute in other fields, we must do two or three times as much as others in economic cooperation."

On the question of becoming a permanent member of the Security Council, he said repeatedly: "The most important place where Japan can play a role in the United Nations is the Security Council, and based on the fact that expectation has risen in the international community that Japan will play that kind of role, it is important to act," and even after becoming ambassador to the United Nations, he stated in clear language his intention that Japan become a permanent member of the Security Council.

There is no doubt that it was an active posture against the background of an impatient feeling that "If we do not become a permanent member of the Security Council, we will not be able to get important information," (Ryutaro Hashimoto).

At the general session of the United Nations last September Kono announced Japan's candidacy for permanent membership in the Security Council, attaching the condition that Japan "will not resort to use of arms, which the Constitution prohibits," and Owada developed active diplomatic lobbying, setting over 20 meetings with the foreign ministers of various countries. It is said that after that as well, he reported that support from ASEAN countries was weak, and requested of Kono that he further intensify appeals to each country.

Gotoda Chides Foreign Ministry's "Overstepping of Authority"

There is no indication that the question of becoming a permanent member of the Security Council will progress soon; added to the fact that debate at the United Nations is not advancing, there is also the fact that China's attitude, in particular, is opaque. But, harsh criticism of the fact that, with Owada in the lead, the Ministry of Foreign Affairs tried to set out a direction by treading even in fields for which politicians are responsible, has not ended. The champion of that is Gotoda. Also gaining the support of Miyazawa, a member of the same pro-Constitution faction, the real situation appears to be that Kono attained his objective in opposing Owada's appointment. These three are on terms of having been called the "pro-Constitution trio" in the Miyazawa cabinet.

"For officials to narrow down policy proposals which they present to a minister to a single one, and insist that no others exist, is going too far. It exceeds the authority of administrative officials. I think it is conduct which oversteps authority."

In his book, "Politics and Bureaucracy" (Kodansha) Gotoda explains their "place" which bureaucrats know well, using as an example the attitude of the Ministry of Finance toward the question of reducing taxes. Miyazawa once called Gotoda "a person who follows the way of the official," but did not the moves of Owada and his associates in regard to Japan becoming a permanent member of the Security Council truly appear to be this "conduct which oversteps authority,"? Gotoda also harshly criticized the protrusion of the Ministry of Foreign Affairs on the question of Mozambique peacekeeping operations in the Miyazawa cabinet. In regard to the current question of becoming a permanent member of the Security Council, he declared: "It is forbidden that the Ministry of Foreign Affairs escape political control and drag Japan after them." It seems to me that becoming a permanent member of the Security Council would lead to military contributions overseas, and would also open the way to revision of the Constitution. From time to time that true intention leaks from the Ministry of Foreign Affairs. It would not be strange if Gotoda felt misgivings in accrediting Owada to the United States, where situations involving politics would be more numerous than at the United Nations.

The appointment of an ambassador to the United States, which continued in a stalemate, for a time gave rise to the observation that it might be put off until after the Upper House election. The "real point" was that, depending on the result of the election, Kono might resign as foreign minister, so an opportunity for appointment of Owada would appear. Kono also understood that, and devoted himself intensely to settling the matter during his own term of office. In order to do that, he had to persuade Saito. In May Kono, who was at his wits' end, sounded out Miyazawa on the appointment of an ambassador to the United States. The appointment of an important ambassador who knows the United States well, combined with the appointment of former U.S. Vice President Mondale as ambassador to Japan was interesting as a topic of conversation, but Miyazawa flatly rejected it.

It is very possible that Kono's sounding out of Miyazawa was a high-class strategy which had in mind that Miyazawa and Saito are cousins, and which showed Saito Kono's determination: "I have gone this far." A short time later, Saito finally agreed.

It worked out that Owada still remains at the United Nations. Gotoda, too, admits that behind the "protrusion of bureaucrats" lies the immaturity of political parties and politicians. But it was an episode which causes one to feel keenly that a line of self control must be drawn somewhere.

Murayama: Government To Follow Up on Bad Loans

OW2112084895 Tokyo KYODO in English
0818 GMT 21 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 21 KYODO — Prime Minister Tomiichi Murayama said Thursday [21 December] the government will strictly pursue the responsibility of borrowers in the fiasco of home mortgage companies.

Not only seeking the blame of housing lenders themselves and related financial institutions, the government will do its utmost to pursue borrowers' responsibility in the process of recovering problem loans, Murayama told a meeting sponsored by the Federation of Economic Organizations (Keidanren).

Moreover, the responsibility of authorities and politicians should be clarified, Murayama said.

The government finalized a liquidation package Tuesday for seven failing housing loan companies, including the use of 685 billion yen in general account funds in the fiscal 1996 national budget.

He said financial institutions concerned should take the situation seriously and make efforts to regain public confidence in addition to shouldering losses expected from the liquidation.

On the use of public money, Murayama sought anew people's understanding, citing the urgency of stabilizing the nation's financial system and ensuring economic recovery.

A further delay in the solution of the housing lender issue would erode international confidence in Japan's financial system and deal a serious blow to economic recovery, he said.

The use of public money was "a difficult decision," Murayama said.

Takemura: 'I Will Blame Myself' for Bailout

OW2112085695 Tokyo KYODO in English
0838 GMT 21 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 21 KYODO — Finance Minister Masayoshi Takemura said Thursday [21 December] he is prepared to take responsibility in the debacle of mortgage loan companies, a remark indicating the possibility of resignation.

"I will blame myself strictly" for the mortgage case that forced the use of public money in a liquidation package, Takemura told a meeting sponsored by the Federation of Economic Organizations (Keidanren).

The package announced by the government on Tuesday features 685 billion yen in general account funds under the fiscal 1996 national budget, a step that sparked immediate public anger.

The step is meant to make up for losses from the liquidation which will remain uncovered under efforts by concerned parties alone.

When the government Tuesday announced the decision to use taxpayers' money, Takemura, at a press conference, denied he would take responsibility by stepping down as Finance Minister.

Instead, he apologized to the Japanese people for the government decision, saying, "I feel very sorry for the decision to use the people's very precious money."

He then confirmed the Finance Ministry's partial role in the current plight of the seven housing lenders.

During the same press conference, Takemura said the decision to use taxpayers' money was struck as a result of "agonizing talks" among concerned parties.

The step is intended to help buoy the flagging national economy and recover international confidence over the shaky Japanese financial system, Takemura explained.

Thursday's remark on his responsibility in the mortgage fiasco was preceded by Prime Minister Tomiichi Murayama's pledge to strictly pursue the responsibility of all parties involved in the case.

Official Denies Takemura To Quit

OW2112114395 Tokyo KYODO in English
1123 GMT 21 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 21 KYODO — A senior Ministry of Finance (MOF) official on Thursday [21 December] contradicted growing speculation that MOF chief Masayoshi Takemura will step down to take responsibility for the use of taxpayers' money to liquidate bankrupt mortgage loan companies.

"I've heard nothing about it," Vice Finance Minister Kyosuke Shinozawa said in a harsh tone at a press conference.

Earlier in the day, Takemura indicated he might resign over the government's decision to use public funds in the liquidation scheme.

The scheme announced Tuesday by the government features 685 billion yen in general account funds under the fiscal 1996 national budget, a step that sparked immediate public anger.

While apologizing for the decision to use taxpayers' money, Shinozawa said the move has been welcomed

overseas as a step toward stabilizing the nation's financial system.

Shinozawa declined to comment on whether MOF bureaucrats should quit to take responsibility for the housing lender crisis, saying only, "personnel affairs are under the exclusive control of the Finance Minister."

In order to clarify administrative responsibility for the mortgage dilemma, the MOF should thoroughly examine its previous policies, Shinozawa said.

On the fiscal 1996 budget drafted Wednesday by the ministry, Shinozawa said, "it is regrettable to issue a record 21 trillion yen worth of government bonds in an initial budget for the next fiscal year."

Shinozawa then pointed to the need for drastically overhauling traditional ways to compile a national budget in a bid to reconstruct the nation's fiscal conditions.

'News Focus' Views FY96 Draft Budget

*OW2012141595 Tokyo KYODO in English
1345 GMT 20 Dec 95*

["News Focus" by Yoichi Kosukegawa: "Draft Budget Fails To Show Way to Healthy Fiscal State"]

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — Japan's fiscal policy is characterized by contradictory aims — shoring up the sluggish economy through greater spending and reducing its dependence on government bond issues as a source of revenue.

Despite growing calls for a new fiscal system to replace the current one established during the high-growth postwar period, the Finance Ministry has failed to show a clear course for its fiscal policy toward the future in its draft budget for fiscal 1996.

Finance Minister Masayoshi Takemura acknowledged that the draft budget unveiled by the ministry Wednesday [20 December] has "contradictions."

"While trying to reduce costs and make Japan's fiscal conditions healthier than they are, the ministry cannot help but approve an increase in government bonds in current economic circumstances," Takemura said.

The fiscal 1996 draft budget totals 75,104.9 billion yen, up 5.8 percent from the initial fiscal 1995 budget. This marks the highest growth in five years.

Under the draft budget, the ministry will be forced to issue a record 21,029 billion yen in new government bonds amid a sharp fall in tax revenue stemming from Japan's prolonged economic slump.

This brings the ratio of government bonds to overall revenues from 17.7 percent in the initial fiscal 1995 budget to a 16-year high of 28.0 percent.

The balance of government bonds will also swell to about 241 trillion yen at the end of fiscal 1996, starting in April, equivalent to as much as 48.6 percent of the nation's gross domestic product.

A Finance Ministry official said the ministry disclosed the actual fiscal situation as much as possible in the draft budget by reducing so-called "hidden debts."

Hidden assets created through complicated account manipulation total 7 trillion yen in fiscal 1995, but their amount will fall to 1 trillion yen in fiscal 1996, the official said.

Under the draft budget, for example, the ministry will resume regular allocations of general account funds to the national debt consolidation fund for the first time in four years.

The ministry suspended the fixed-amount fund allocation to the special account, which was created to secure resources for the redemption of government bonds issued in the past, for fiscal 1993-1995.

Ryo Sawai of the Yamaichi Research Institute of Securities and Economics, a research arm of Yamaichi Securities Co., said the draft budget can be welcomed to the point that the ministry is tackling a reduction in hidden debts.

"The draft budget marks a step forward toward healthy fiscal conditions in that it makes the contents of the budget more transparent," he said.

At the same time, however, Sawai said the ministry falls short of reviewing the structure of expenditures at a time when it would be difficult to expect an immediate recovery in tax revenues during the sluggish economy.

Under the draft budget, general operating expenditures — general account spending minus such obligatory expenses as national debt servicing costs and tax grants to local governments — are set at 43,140.9 billion yen, up a meager 2.4 percent.

In particular, the draft budget calls for growth in general operating expenditures excluding those for public works projects and other investments to a level of less than 2 percent.

In cutting the costs, however, the ministry is only following its traditional policy of reducing spending allocated to each item uniformly, Sawai said.

"At a time when revenue resources are limited, the ministry has to select priority spending items by clarifying what should be reduced and what should be left," he said.

Sawai also pointed out there would be more room for the ministry to reduce general operating expenditures by promoting administrative reform efforts.

The ministry boasts of its efforts to limit an increase in the overall amount of general operating expenditures to 2.4 percent, but this shows the expenditures are still enjoying growth amid critical fiscal conditions, he said.

Takemura stressed the need for the government to review the structure of its revenue and expenditure to escape from the tight fiscal conditions. "A drastic reform would be necessary sooner or later," he said.

In spite of his remark, fiscal reconstruction will not be easy.

The ministry has to maintain a certain level of fiscal spending to help lift the sluggish economy and allocate larger funds for measures to cope with the rapidly aging society.

On the other hand, it will have to depend on government bond issuance as a revenue source for a while, since it cannot expect a pickup in tax revenues with prospects for an immediate economic recovery nowhere in sight.

The ministry is expected to be forced to walk a tightrope in its fiscal management for the time being.

FY96 Budget To Limit Government Corporations

*OW2012061695 Tokyo KYODO in English
0537 GMT 20 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — The Finance Ministry on Wednesday [20 December] proposed the second lowest growth in history for a draft fiscal 1996 investment and loan program, reflecting a trend toward limiting the role of governmental corporations.

The draft plan calls for spending 40,453.3 billion yen under the core "general" category of the investment and loan program in the year beginning April 1, up 0.5 percent from the initial general program in fiscal 1995.

The figure represents the second lowest year-on-year rise since the program began in fiscal 1953, following the 1.2 percent fall in fiscal 1985, said a ministry official briefing reporters.

"But the program still remains at a high level, given that it surged 10.8 percent in fiscal 1992 and 13.4 percent in fiscal 1993 to serve as a locomotive of economic pump-priming measures following the asset-inflated economic bubble," he said.

The core program expanded 7.7 percent in fiscal 1994 and 2.1 percent in the current fiscal year.

The investment and loan program, known as "zaito" in Japanese, is often branded as a second state budget because of its large scale.

Under the program, funds raised primarily through the state-run postal savings and insurance system as well as the public pension programs are invested in, or lent to, government-affiliated corporations for housing, public works and other projects.

The overall "zaito" program drafted by the ministry totals 48,344.3 billion yen, up 0.3 percent from the initial program for the current fiscal year. The fiscal 1995 plan envisaged a 0.7 percent increase from the previous year.

The total figure includes 7.89 trillion yen for investment in financial vehicles, mainly bonds, on top of the core general appropriations.

In addition, another 4.6 trillion yen worth of government bonds will be purchased using "zaito" funds to facilitate the sale of bonds, the issuance of which will probably increase to finance economic stimulus steps and to compensate for falling tax revenues.

Following the draft program, government affiliates drawing on "zaito" funds will enter renegotiations with the Finance Ministry to try and restore their budget requests before finalizing the program Monday.

By project, the ministry earmarked 12,103.3 billion yen for housing-related projects, up 0.8 percent. While the growth is scant, the amount itself is still high, following a 15.6 percent increase in the fiscal 1995 program, the official said.

The budget for projects related to small businesses shrank 12.9 percent to 5,491.6 billion yen after a 5.1 percent growth in fiscal 1995, the ministry said.

Allocations to the government-affiliated Small Business Finance Corp., for instance, shrank 27.3 percent to 1.87 trillion yen for the first decline since fiscal 1986. The figure picked up 3.4 percent in the current fiscal year.

The corporation had supplied generous funds to small businesses amid economic weakness, but the ministry scaled back the allotment in line with the sluggish demand for cash from small companies to finance their capital spending and running costs, the official said.

To develop social infrastructure close to daily life and help lubricate local government finances, the ministry allocated 10,418 billion yen to local authorities and a government-run finance corporation for local public-sector enterprises, up 21.5 percent.

Distribution to local governments soared 20.4 percent to 8.73 trillion yen to finance sewage processing,

waste treatment, building of welfare facilities and other operations, the ministry said.

The ministry earmarked 402.7 billion yen for social welfare and medical service corp., up 19.4 percent, to step up loans for construction of nursing homes and health facilities for the elderly to pursue the government's 10-year "gold plan" welfare policy.

On the transport front, the ministry allotted 364.5 billion yen to Hanshin Expressway Public Corp. which operates highways in the greater Osaka region.

Of that amount, 38.6 billion yen will be used to reinforce 1,841 highway columns following the Kobe earthquake in January. Another 1,300 columns will be strengthened in fiscal 1999, bringing to 4,813 the total number for the three years from fiscal 1997.

Because of the extent of their activities, some government-affiliated corporations have been criticized by the private sector, which is demanding that the corporations do no more than supplement private-sector operations.

Under these circumstances, Japan development bank, which is under pressure to scale back its size, will receive 1,434 billion yen from the "zaito" program under the ministry draft, down 24.8 percent from fiscal 1995, the ministry said.

The ministry wants to see the bank's lending scale shrink to 1,878 billion yen in fiscal 1996, down from 2,304 trillion yen in the current fiscal year and the lowest level since the 1,879 trillion yen in fiscal 1992, the official said.

Meanwhile, the ministry said it will inject 307.8 billion yen of "zaito" funds into JNR settlement Corp. Under a third supplementary budget for fiscal 1995.

The corporation is working to clean up a 26 trillion yen debt amassed by the former state-run Japanese national railways by selling land and shares in the seven private JR rail companies into which it was split when privatized in 1987.

The fund injection is necessary because the government has called off the stock listing of state-held shares in one of the JR companies, west Japan Railway Co., and the sale of other JR stocks is also precarious, given the currently sluggish equity market.

Disclosure Rules Adopted for Public Companies

OW1912043995 Tokyo KYODO in English
0316 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — Prime Minister Tomiichi Murayama's cabinet decided Tuesday [19 December] to introduce a set of rules

requiring 73 public corporations to disclose financial information, government officials said.

The rules oblige the public corporations to disclose information about their balance sheets, statements on profits and losses, the telephone numbers of their sections responsible for financial disclosure, and the names of their subsidiaries and equity stakes in such subsidiaries, they said.

They are also required to disclose the names of executives who are former high-ranking bureaucrats and those executives' final positions when they were at government ministries or agencies, the officials said.

The rules also stipulate that government ministries and agencies which have jurisdiction over these public corporations write rules to promote disclosure of information about such corporations, they said.

Such information will be required to be published in the government official gazette by the end of next September, the officials said.

The 73 public corporations are currently not legally required to submit their earnings reports to the Diet or to make them public.

MOF To Issue Y47.6 Trillion in Bonds

OW1912154395 Tokyo KYODO in English
1431 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The Finance Ministry [MOF] said Tuesday [19 December] it plans to issue a record 47,590 billion yen [Y] in government bonds in fiscal 1996, up 9,614.2 billion yen from the initial plan for the current fiscal year.

The amount will be a record high for the fifth consecutive year on an initial plan basis.

Under the bond issuance plan for the fiscal year that starts in April 1996, the ministry plans to float a record 21,029 billion yen, up 8,431 billion yen from the previous year's initial budget, to secure resources for the fiscal 1996 budget, ministry officials said.

It will issue 26,561 billion yen, an increase of 1,183.2 billion yen from the initial budget for fiscal 1995, in refunding bonds to finance redemption of government bonds issued in the past, they said.

The officials did not disclose the respective amount of deficit-financing bonds and construction bonds to be issued in fiscal 1996.

Ministry sources said the amount of deficit-financing bonds is likely to total a record 12.2 trillion yen to cover

waste treatment, building of welfare facilities and other operations, the ministry said.

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[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The Finance Ministry [MOF] said Tuesday [19 December] it plans to issue a record 47,590 billion yen [Y] in government bonds in fiscal 1996, up 9,614.2 billion yen from the initial plan for the current fiscal year.

The amount will be a record high for the fifth consecutive year on an initial plan basis.

Under the bond issuance plan for the fiscal year that starts in April 1996, the ministry plans to float a record 21,029 billion yen, up 8,431 billion yen from the previous year's initial budget, to secure resources for the fiscal 1996 budget, ministry officials said.

It will issue 26,561 billion yen, an increase of 1,183.2 billion yen from the initial budget for fiscal 1995, in refunding bonds to finance redemption of government bonds issued in the past, they said.

The officials did not disclose the respective amount of deficit-financing bonds and construction bonds to be issued in fiscal 1996.

Ministry sources said the amount of deficit-financing bonds is likely to total a record 12.2 trillion yen to cover

a huge tax revenue shortage stemming from Japan's prolonged economic slump.

To cope with the sharp increase in government bond issuance, the ministry plans to increase the sum of new bonds to be purchased by the public sector and increase issuance of medium-term notes and 20-year bonds for sale to the private sector, ministry officials said.

The issuance plan was approved by a panel of representatives from the private sector, including heads of the fiscal system council and the financial system research council.

Panel members said the issuing of a large amount of new government bonds is unavoidable given the current tough fiscal situation, according to the ministry officials.

They called on the ministry to issue the new bonds smoothly, while paying close attention to the market environment, they said.

Under the fiscal 1996 bond issuance plan, the public sector will purchase a record 14,881.6 billion yen in government bonds, up 7,570.7 billion yen, the ministry officials said.

In the public sector, the ministry's Trust Fund Bureau will take a record 8.6 trillion yen, up 6.6 trillion yen, they said. The Trust Fund Bureau manages postal savings and other public funds.

The private sector, meanwhile, will underwrite a total of 32,708.4 billion yen, up 2,043.6 billion yen, the officials said.

The government bond underwriting syndicate will purchase 12 trillion yen in 10-year bonds and 200 billion yen in five-year discount notes, both unchanged from the previous year, they said.

The ministry will also issue a total of 20,508.4 billion yen in interest-bearing government bonds for public offering, the officials said.

The total includes 2 trillion yen in 20-year bonds, up 800 billion yen, 2.4 trillion yen in six-year notes, up 400 billion yen, and 2.4 trillion yen in four-year notes, up 400 billion yen, they said.

The issue amount of government-guaranteed bonds will total 3.1 trillion yen under the fiscal 1996 bond issuance plan, down 150 billion yen, the officials said.

Ministry Details FY96 Defense Expenditures

OW2012063995 Tokyo KYODO in English
0558 GMT 20 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — The Finance Ministry released a draft plan Wednesday [20 December] to allocate 4,845.5 billion yen for the

defense budget in fiscal 1996, starting April 1, allowing a 2.38 percent increase over the initial budget for the current fiscal year.

The year-on-year increase is a sharp rise compared with a 35-year low of 0.855 percent in the current fiscal 1995, when the initial defense budget was 4,723.6 billion yen.

The rate of the year-on-year increase expanded for the first time in six years after rises of 0.9 percent in fiscal 1994, 1.95 percent in 1993, 3.8 percent in 1992, 5.45 percent in 1991 and 6.1 percent in 1990.

The increase is mainly due to the 2.2 percent jump in payments for equipment bought previously but to be paid for over several years, a Finance Ministry official said, adding if such payments were excluded, the 1996 defense budget would rise only 0.4 percent.

"In substance, the fiscal 1996 defense expenditure is very restrained," the official said.

The ministry proposal sets aside 835.2 billion yen to procure front-line equipment such as tanks, fighters and destroyers, a 1.2 percent rise over the current fiscal year budget.

A major part of fiscal 1996's front-line procurement costs will be paid in fiscal 1997 or later, the official said.

The sum for front-line equipment shows its first increase in six years, but if the effect of the planned rise of the 3 percent consumption tax to 5 percent is excluded, the 1996 figure for such equipment is 820 billion yen, or a year-on-year decrease of 0.6 percent, he said.

The fiscal 1996 front-line procurement contracts include those for 11 F-2 planes — once called the next-generation support fighter — four F-15 fighter planes, 18 tanks, a destroyer and a submarine.

Under the ministry plan, Japan's host nation support for U.S. forces stationed in Japan will cost 149.9 billion yen, a 1.4 percent increase over the current fiscal budget.

The budget proposal also includes 6.8 billion yen to build a central command control room in the new defense agency building, 152.3 billion yen for soundproofing houses around military bases and 85.3 billion yen for education and training.

The planned budget expenditure accounts for 0.968 percent of Japan's 496 trillion yen Gross Domestic Product (GDP) as estimated by the government for fiscal 1996.

The 1996 defense outlays are the first annual defense budget under the five-year defense buildup program beginning in fiscal 1995. The midterm program, endorsed

by the cabinet last week, calls for a total of 25.15 trillion yen in defense expenditures during the period.

The cabinet of Prime Minister Tomiichi Murayama will finalize the draft budget Monday after final negotiations between the Finance Ministry and other government ministries and agencies.

DA 'Likely' To Purchase 10 FSX Planes

*OW2112090295 Tokyo ASAHI SHIMBUN
in Japanese 19 Dec 95 Evening Edition p 1*

[FBIS Translated Text] The government has decided to allocate 4,845.5 billion yen for the defense budget in FY96 (a 2.58 percent increase over the initial budget for the current fiscal year). The decision was made in talks between Finance Minister Masayoshi Takemura and Defense Agency [DA] Director General Seishiro Eto on the morning of 19 December. This defense spending budget is likely to allow the DA to purchase 10 FSX next-generation support fighters (also called F-2 planes). Also, in line with the force reduction proposal in the (next) mid-term defense buildup plan, the number of Ground Self-Defense Force troops will be reduced by 30 to 50 members in FY96.

In the budget request it submitted in August, the DA demanded the procurement of 12 F-2 fighters, but it will be allowed to purchase only 10 in the next fiscal year. The new mid-term defense buildup plan proposes the procurement of 47 F-2 planes over five years, beginning in FY96.

When the DA submitted its budget request, the ruling parties asked the agency to consider carrying over to later fiscal years expenditures resulting from contracts for purchase of front-line equipment signed before the current fiscal year. However, the DA rejected the request, saying, "It may hinder the production of defense equipment."

Government Sets Medium-Term Employment Policy

*OW1912041595 Tokyo KYODO in English
0156 GMT 19 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The government decided on a new medium-term employment policy at a cabinet meeting Tuesday [19 December] that sets as the main aim forestalling high unemployment in Japan, government officials said.

The policy, compiled in line with the new medium-term economic plan, covers from the rest of the current fiscal 1995 to fiscal 2000.

Under the policy, the government projects the unemployment rate at around 2.75 percent in fiscal 2000.

It further sees the rate move as high as 3.75 percent if no favorable effects result from ongoing deregulation and economic structural adjustment efforts.

Thus, the government should take measures to nurture new businesses and help create new job opportunities for workers who might have to change jobs amid forthcoming rapid changes in the industrial structure, according to the new policy.

Minister: Rice Harvest Abundant Despite Drop

*OW1912070795 Tokyo KYODO in English
0542 GMT 19 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — Although Japan's rice crop in 1995 fell 10 percent from the previous year to 10.72 million tons, the harvest remained abundant due to this year's fine weather, the farm minister told a cabinet meeting Tuesday [19 December].

Hosei Norota, minister of agriculture, forestry and fisheries, said the 1995 rice production index was unchanged from an earlier one announced Oct. 15, at 102 against 100 for an average year.

Crops averaged 509 kilograms per 10 ares (1,000 square meters), he said.

The production index in the Tohoku and Hokuriku regions — major rice-producing districts in Japan — stood at 96, due to low temperatures and a lack of sunshine there during the year. Other areas, however, enjoyed a rich harvest.

Expert Maps Out Future of Japan's Economy

*952A0804A Tokyo SEIRON in Japanese Oct 95
pp 52-63*

[Article by Taichi Sakaiya, an economist]

[FBIS Translated Text]

Japan's Record Indicates It Is In a State of "Major Turbulence"

Need no longer exists for abstract debate.

Currently in demand is an accurate awareness of the current conditions and a specific plan of actions

This article offers a proposal for rescuing Japan from its economic crisis

The current Japanese economy has arrived at a major crisis similar to that which prevails immediately after a war. The total spectrum of Japanese postwar systems has collapsed, and the postwar growth systems have completely faded away owing to the termination of the Cold-War structure and the bursting of the bubble economy.

Notwithstanding, business executives, politicians, and especially bureaucratic organizations show little signs of sensing a crisis. I believe this is our foremost problem.

The Meiji Restoration and the end to the Pacific war called for dramatic reforms. However, those who filled the ranks of the old systems were unable to undertake hardly any action. Or, they may have thought they had taken considerably bold actions, but mundane observations indicated they were tantamount to doing nothing. Historical hindsight tells us they were entirely of the conservative school. The situation we encounter today is exactly the same.

In other words, the actions being taken include makeshift actions such as fiscal expansion through issuance of deficit government bonds and aid to financial institutions through public funding, none of which can lead to true solutions.

Three Characteristics of a Mature Economic Status

If one were to ask, what has changed? we would have to point to the fact that Japan has changed from a posture characterized by growth with the trendline rising consistently upward to a mature status where the trendline has flattened out. Both the character and posture of the Japanese economy have changed, growth characteristics have disappeared, and the posture reflecting a rise in the trendline has been brought to a halt. Such conditions are not of a simple nature which indicate a decline in the economic growth rate and the advent of a zero-growth period.

The first characteristic of the mature economic status is that the total economy has been transformed from an expansion tone to a cyclical tone. We have arrived at a stage where nothing changes in terms of capital investment scale, building sizes, and urban expanse. We seem to have come to a stage where there is no longer a need to increase the number of homes or subway routes.

The second characteristic of the mature economic status is that prices have stopped climbing. Of special note is that asset values of land and stocks face a long-term decline.

In the past several years, land and stock values have declined by 40 percent or more from their peak levels. Even then, such asset values are seen as being too high considering current earnings, leaving very few buyers and an excess of supply.

Additionally, both wholesale and consumer prices have fallen. The government is doing all in its power to conceal the decline in consumer prices, but prices at super markets and in local stores have clearly fallen.

Price declines portend an unfavorable climate for future investments. During high-growth periods, the rise in land and stock prices as well as various commodities meant that anything made first was bound to be cheaper.

As an example, let us say a somewhat larger factory or hotel is made at an early stage. Even if the operating rates were low when initially opened, as the economy expanded over a period of three to five years, consumer demand grew and society became accustomed to affluence, the operating rates would rise. Factories and hotels built at an earlier stage were always cheaper than those that were newly conceived for future construction. Accordingly, as long as operating rates rose, lower and earlier investments always assured an advantage.

However, we are entering an age when prices will not rise. Things manufactured at an earlier stage will incur losses. Those things made at a later stage will be cheaper. Thus, businessmen will become very cautious about making investments. This particular point reflects a significant difference from the past.

The third characteristic of the mature economic status is the initiation of a substantial decline in the number of 20-year-olds beginning in 1995. Some time has passed since mention was first made of the aging of society, but aging of society thus far consisted mainly of an increase in the older population. It was not a case where the situation was accompanied by a decline in young people.

However, from this year forward, there will be a rapid decline in the 20-year-old population. Five years from now, we will witness a decline of about 10 percent in 20-year-olds. This situation will lead to an eventual drop in family formations, a decrease in the demand for housing, and a stop to the growth of urban areas.

Until now, Japan's urban policies were dedicated to urban expansion policies. It was a question of just how to accommodate the increasing population and industries converging on urban areas. Such phenomenon called for the development of housing tracts. The development of housing tracts called for the construction of subways, water lines, sewage systems, and roadways. It was a case of repeatedly going through such processes.

Now, urban expansion policies have been completely suspended. Henceforth, we must convert to urban enrichment policies; i.e., policies which promote an improvement of urban programs.

However, the government is still attempting to promote urban expansion policies and housing expansion policies premised on an expansion in population through issuance of government bonds.

Currently, Japan is engaged in the construction of about 1.5 million units of housing per annum. Globally speaking, this figure is unusually high. The U.S. population is twice that of Japan, but housing construction runs an average of 1.3 million units per annum. Great Britain's population is one-half that of Japan, and housing built per annum is a mere 200,000 units. In relation to its population, Japan is building at a rate of two times that of the United States and more than four times that of Great Britain.

Such trends were created based on increasing demand for housing because of the launching of single-generation households and the concentration of people in urban areas, but those trends will probably decelerate in the future.

Many individuals visualize an aged society as one in which individuals are poor and face economic difficulties. Of special note is that the government and bureaucrats are attempting to paint an insidious and frightening picture of an aged society in a call for higher taxes and based on anticipated pension costs.

However, the real aged society should turn out to be a very affluent society. Individuals over 45 years of age belonging to the postwar baby boomer age are in most cases having difficulties in absorbing the costs of housing loans.

Those in their 20's now will probably experience little difficulty with housing loans. Being the only child or one of two children in a family, they will probably inherit a home from their parents. Accordingly, demand for replacement construction may arise, but in the least the need for development of residential tracts will disappear in most part.

Eventually, housing construction in Japan is expected to fall to U.S. levels or to 600,000 to 700,000 units a year.

First, we must think in increments of 50 years

Henceforth, Japan must be visualized as a world without expansion. I believe this fundamental shift is not understood by current economists, bureaucrats, politicians, and scholars.

A variety of economic measures are being discussed, but they represent projects which are premised on an expanding society. Thus, both supplemental budgets and domestic-demand expansion visualize public works projects, in fact, construction projects of the urban-expansion type.

In contrast, public needs are currently very conservative. In other words, a major gap has been created between the public's needs and the goals of the government and industry. An attempt at forcibly creating a demand

where a need does not exist has created a situation in which no degree of fiscal expansion has led to a genuine economic recovery. We must face directly up to this reality.

In contemplating the future of Japan, there will be a need to review programs on a 50-year, 20-year, five-year, and one-year basis.

First, we must think of the situation in a 50-year increment. The question is, how should Japan survive as it becomes a nation facing zero population growth, zero expansion in scale, and zero growth in quantitative terms? We must contemplate this issue with a serious stance.

For 50 years in the postwar period, Japan engaged itself in quantitative expansion in aiming to become an economic giant, but we must clearly embrace a new goal which replaces those pertaining to an economic giant and quantitative expansion.

In so doing, it will be important for us to contemplate our nation's status in the global society and our proposals concerning the structure of global society.

If we are to undergo a long-term decline in the population of the younger generation, at some stage we will have to consider the approval of a considerable number of immigrants.

If we decide to approve of such immigration, we will have to rethink what we consider Japanese culture. We should probably think in terms of preparing a solid culture which will not collapse under pressure from an outside culture.

Japanese culture of the past was beautiful like so much glassware, but was excessively delicate. It must be converted into a more flexible culture.

In looking back at Japanese history, we note that massive numbers became naturalized citizens during the Asuka and Nara periods. And, from the end of the feudal age to the advent of the Tokugawa shogunate government days a considerable number of immigrants flowed into Japan. Culture introduced by such individuals became typical Japanese culture several generations later.

As an example, Gagaku is thought of as typical Japanese culture, but most of the material is based on China. Porcelain is also thought of as typical of Japanese culture, but is an art that originated in the Korean peninsula and China. Eventually, Gagaku grew into Noh and porcelain art grew into today's ceramic industry. Such astuteness and flexibility originally existed within Japanese culture. We must recapture the ability to think in such terms.

In that sense, the current bureaucratic systems and corporate organizations must rid themselves of "perfectionism," i.e., they must extricate themselves from the concept which causes them to suffer from discontent if they achieve less than perfection and to pursue Japanese-style consummation and purity within a Japanese-style closed society.

If we think of such matters, we must in conclusion start with the nurturing of individuals based on education. In other words, we need to think in terms of 50-year goals.

Aim for low-cost society

Next, what concepts can we visualize in 20-year increments? If we were to speak in terms of easy-to-understand examples, they would include land development and the development of new industries and new technology. Precisely speaking, the Kansai Airport has taken 20 years for completion from the time of site selection. In the case of the Narita Airport, it took even a longer time. Roughly speaking, building a new town or land development is feasible only as a part of a 20-year plan.

Such plans should embody examples such as the relocation of capital functions and redevelopment and globalization of Tokyo based on such a premise. And, of utmost importance as a crucial goal is the conversion of Japan into a low-cost society.

Postwar Japan inherited this nation's traditional "excessive population society" without any changes. Such a transition was supposed to have embodied Japanese characteristics and concepts which were created when labor costs were low, but even when labor costs rose to today's levels, the concepts and systems were left unchanged.

The question is, what happened as a result? We continue to use a large number of employees despite the very high labor costs. On the other hand, despite low interest rates, a society has been created which economizes on facilities.

Let us discuss a simple example. In European and U.S. tourist areas, it is not unusual for restaurants to operate with only the front room open on weekdays. If one ventures into the back areas, he will note that there are several rooms where the lights have been turned off. Such back rooms are opened only on holidays and in peak periods. In other words, employee strength is kept at a minimum and facilities remain in a surplus status. On holidays, the restaurant is augmented with part-time employees. During exceptionally busy days, customers must wait but no attempt is made to increase the restaurant staff. The restaurants are operated so that employees work a full day even when business is slow.

And, customers are not allowed to sit at the same table with strangers and forced to wait for the next vacant table.

However, in Japan, all seats are utilized to the fullest extent to maximize service to customers. After 1400 when the customer count goes down, employees stand by in idleness. The system calls for maximum utilization of customer seats, at the cost of idle employees. Such a situation exists even with the three-shift systems at factories and with the merchandise distribution systems.

Such circumstances accompanied by the world's highest labor costs have made Japanese society a terribly high-cost society. The availability of personnel enables the rendition of very thorough services. Such services have come to be expected and have led to the birth of an unusually costly society from a global viewpoint. Such concepts must be modified on the basis of 20-year programs.

Accordingly, we must not limit ourselves to simple extension of chart lines based on economic objectives or the Comprehensive National Development Program or drawing of lines on maps of Japan, but clearly delineate what is sought in terms of growth and development.

The foremost benefits offerable to an aged society are low costs and price stability. The greatest state of well-being for individuals who wish to lead affluent lives in their old age based on lifetime savings is the ability to predict the future. Such a state enables increasing capabilities to live with peace of mind at a low cost and with the assurance that they can live their late years with peace of mind as long as they have accumulated a given level of savings.

If prices rise rapidly, the cost of living becomes a very unstabling factor. Even if a given level of pension payments are assured, increasing prices would create concerns. In that sense, declining price trends are a welcome phenomenon for an aged society. Accordingly, there is a need to strive for a low-cost society and to alter economic systems and cultural concepts. Frequently, the government states we must implement public works projects before the arrival of an aged society. However, the way public works projects are currently implemented, there is the risk that salarymen sons of *nouveau rich* fathers who built large homes must now spend on repair costs and real estate taxes which are disproportionate to their incomes.

Public facilities also entail maintenance costs. Therefore, it is not accurate to say that we can gain peace of mind by merely building public facilities. It is important to consider the type of public facilities to be built. In other words we must think in terms of building public

facilities that will contribute to the lowering of costs. We must not engage ourselves in the construction of high-maintenance-cost public facilities such as extravagant opera houses and huge soccer arenas. I believe we must be selective in our efforts after carefully considering such social, economic, and cultural concepts.

I believe it is time to establish a public economic national rehabilitation conference for the purpose of debating such issues. I believe the issues are too complex to be handled solely by a bureaucratic system which is limited by annual budgets and politicians who are more concerned with each election result. Most likely, such a venture will represent the first occasion that Japanese will experience the opportunity to engage themselves in the creation of a future concept.

During the Meiji Restoration, the theme was to catch up with the European and American powers and in the postwar period, the occupation forces taught Japan to become a member of the Western camp and to strive for economic growth. Now for the first time, Japan faces the opportunity to create the foremost of cultures which in a sense will be difficult, but in a sense will represent an insurpassably pleasurable period.

Three plans of action producing immediate results

Now, the question is, what should we do about this economic situation on a short-term basis?

First, there is a need to fully make ourselves aware of the drastically changed economic situation. The situation has changed drastically as reflected in the following discussion.

A global perspective shows that first, the arrival of a paper-money society; second, the widespread application of electronic technology; and three, the resultant success in establishing export industries in the developing nations.

Past development theory for emerging nations called for expansion of infrastructure and basic education and the consolidation of domestic markets. Such actions were to be followed by establishment of industries to produce substitutes for imports, attendant accumulation of capital and management know-how, and eventual expansion into export industries. It was once said that development theory concerning emerging nations must adhere to such principles. Industries were developed in Germany, the United States, and Japan under such an approach.

However, from the 1980's East Asian nations took advantage of paper money societies in acquiring large volumes of capital from foreign countries. Such actions enabled the building of electronically managed facilities and capability to produce fairly high-level products

even with a limited number of middle-management and skilled technical personnel. They established such systems to export to free economy, international markets. They were able to industrialize and improve their international balance of payments in a very short time.

Such processes were applied initially in the 1980's in South Korea, Taiwan, Hong Kong, and Singapore known as the "Four Mini-Dragons," extended to Thailand, Malaysia, and Indonesia known as the "Three New Dragons," and has now been extended to the Chinese maritime province or what is referred to as the "Big Dragon." It would not be strange for the same processes to be applied in the future to East Europe, Southern Asia, and India. It can be stated that this form of end-of-21st-century-style economic development has genuine universal application.

Japan's manufacturing industry currently faces extremely difficult conditions. Therefore, we cannot allow unlimited higher valuations of the yen. The world has begun to be engulfed in a paper money society. There is a need for Japan to engage in an aggressive and courageous evaluation of fiscal deficits.

Currently, nations with fiscal deficits below 2.5 percent of GNP are limited to Luxembourg, Denmark, and Finland. Japan is recording a fiscal deficit, but if close to 10 trillion yen in pension account surpluses are considered, she enjoys a very healthy status. So-called public accounts are recording a surplus. In an international comparison, Japan alone can be considered as maintaining a classically balanced fiscal situation.

Second, Japan must reflect current low interest rates, which is its foremost weapon, in its economic actions. We now face circumstances which make it extremely difficult to reflect low interest rates in the economic structure.

As an example, let us suppose that the private railways hike freight tariffs. Prices are falling, labor costs have risen minimally, and land prices have fallen sharply, but why must the private railways raise tariffs?

The reason is that the interest paid by private railways on debt is not being handled at current low rates. In other words, interest is being paid at the high rates imposed when the loans were negotiated. When it comes to operations such as the Japan Highway Public Corporation where one-half of its expenses involve interest payments, the after-effects of the high-interest days are very severe.

Accordingly, future public fees and licensing fees should be based on the principle of "last-in, first-out relative to interest costs." In other words, interest on current borrowings will be paid with current fees.

Using such an approach will provide for a faster drop in public fees during declines in interest rates.

Needless to say, to the extent such measures are taken, interest payments will run into trouble. Such deficiencies can be subsidized by the use of "interest adjustment funds" using public resources. If interest rates begin to climb in the near future, revenues far exceeding current interest will be realized, offsetting such subsidies.

Utilizing such measures is a very safe approach in that interest rates rise as well as fall. The measure would be similar to the last-in, first-out method of accounting for crude oil used to determine the selling price of refined petroleum products.

Taking such measures will enable immediate reflection of fluctuations in interest rates on the economic situation based on public fees. Taking such actions will cause a considerable drop in public fees and electrical and water fees, which are seen as being very high from an international perspective. The move should have a significant impact on stimulating the economy, and should have a far safer braking effect than the expansion of deficit fiscal policy.

Third, I believe now is the time to enhance enthusiasm and stimulate the morale of the public. In that sense, it would be most appropriate to develop a master plan for the relocation of capital functions.

Within the purview of postwar growth, Japanese have joined in an overly enthusiastic endeavor to develop master plans as members of a massive builder society. What is now needed is the clarification of the master schedule itself. Plans and schedules, designs and programs must always progress as if they were integral parts of a common vehicle.

Concurrently, we should publish a global urbanization plan for Tokyo. The plan should shift from a "Tokyo of Japan" to a "Tokyo of the World," thus bringing a transformation in national psychology.

On the other hand, we must engage ourselves in the creation of new culture and recreational pursuits for regional areas. We should collaborate with the mass media in the creation of new festivals, new culinary pursuits, and new scenic sites for growing flowers.

A decline in agriculture in hilly areas is said to be inevitable with an attendant drop in area population. If a decrease in population in hilly areas takes place, regional urban areas which have prospered by selling to such populations will suffer a fatal blow. There is the strong possibility that the once pathetic situation occasioned by the upheavals in the charcoal-producing regions could recur on a nationwide scale.

Sustaining residents of such regions, especially those engaged in agriculture, will require that opportunities be created to assure housewives of definite supplemental income during specific periods.

As an example, in the case of Yoshinoyama in Nara prefecture, the tourist season extends for two weeks in the spring and for another two weeks in the fall for a total of four weeks each year. Housewives of farm households are able to earn several tens of thousands of yen in supplemental income during those periods. The arrangement has served to bring stability to farming and forestry in Yoshinoyama in comparison to other areas.

The idea is to create specific short-term employment opportunities on a nationwide basis. Any attempt to create full-time employment opportunities could lead to high costs and the inability to sustain certain business ventures. Nationwide resort development projects often failed because of large-scale employment of permanent employees and the investment of huge capital. Such projects failed because of the creation of facilities that were not profitable unless visitors patronized them on a year-around basis.

Basically, recreational and tourist attractions, such as ski resorts, beach swimming areas, flower parks, and fireworks displays undergo fluctuations in patronage. I believe it is possible to create employment opportunities that would be compatible with such conditions in hilly areas on a considerable scale.

Create treasures in the Heisei era which can be passed on to the 22nd century

On the other hand, it is about time that we think, in our age, in terms of conveying Heisei era prosperity to future generations. We know of the prosperity in the city of Nara by observing the huge Buddhist temples and see the elegance of the Heian aristocracy in the Byodo Temple. We can perceive the beautiful consciousness of Taira by his transcripts of Buddhist scriptures. We can learn of the artistry of the Takaramachi era from the Kinkaku and Ginkaku temples.

The question is, how will people 100 years, 500 years, or a 1,000 years later know of the cultural prosperity and technology of the Heisei era? Regrettably, under the current state of affairs, there is hardly anything that could symbolize our era to later generations. The building and facilities that we have built will disappear after about 50 years or at the longest within 100 years.

The former Tokyo Metropolitan Office building located in Yuraku-cho was completed when I entered college. At that time, the Tokyo metropolitan government

stressed that it was spending lavishly on the building because it would be symbolic of architecture of the Showa era, but it has disappeared in just 30 years.

If we are speaking of a edifice, an industrial art object, painting or antique, we would like to think in terms of something that will survive for 100 years, 500 years, or 1,000 years. We now exist in an age when high technology and traditional industrial art co-exist. We should mobilize individuals with expertise in such areas and create objects throughout the nation which will definitely survive as national treasures 100 years later.

Such objects will become the pride and well-known attractions for regional residents. We should think in terms of creating such valuable objects, and it is outdated to consume ourselves in the implementation of public works projects which consist of straight lines and box-like affairs.

In conclusion, I would like to mention one more topic. It pertains to deregulation. Each time one attempts to promote the economy and bring about reform, he inevitably bumps into the issue of regulation. Whether it be the Tokugawa shogunate government or the military during the war, bureaucratic organizations refrain from surrendering authority once conferred until the concerned organization faces destruction.

In fact, the frightening aspect of the current Japanese bureaucratic organization is that it exercises its authority without any hesitation for purposes other than that conferred in duly vested authority. Of foremost importance today is that legally conferred authority must not be used for purposes other than that stipulated by law.

Essentially, Japanese society embraces a free economy and a free society. Minimal regulation is desirable. Regulations are necessary evils. Accordingly, conferral of authority based on law is indispensable for the public interest, but if such authority is misapplied in unrelated areas it could become a case where rights of citizens are unjustly violated.

As an example, when Japan Air Lines spoke of using contract stewardesses, there was a minister who said he might reduce the number of permits granted for unscheduled arrivals and departures. However, authority to issue permits for unscheduled arrivals and departures was not granted for that purpose. Such authority was issued to administer safety, prevention of congestion of the air, avoidance of mid-air collisions, and coordination concerning use of airfields, and should in no way be exercised in relation to the issue of contract stewardesses.

A wide range of government offices are guilty of abusing bureaucratic authority. As an example, "reprisal ac-

tions are inflicted in unrelated areas" such as the refusal to issue permits to corporations which reject applications for post-government-service employment from old-boy bureaucrats. The preservation of the efficiencies of a free economy and the freedom to choose calls for "legislation which outlaws such bureaucratic abuses."

Further, there is a need for legislation which prescribes penalties for the exercise of assigned authority for purposes other than that stipulated by law, as well as prohibiting post-retirement employment of former government officials by private-sector enterprises and foundations dealing with government offices which once employed such officials and exercised jurisdiction, issued subsidies, or procured products or services from the former organizations.

As long as such restrictions are not imposed and authority subject to abuse remains, there is the risk of imposing regulations in the name of administrative guidance over a multitude of sectors. Then, there is the risk that industry will remain completely silent about such abuse. In recent days, even the press club has opted to remain silent.

Passage of "legislation to prohibit abuse of bureaucratic authority" should have maximum effect in declaring that Japan shall remain a free society. Taking such action should bring about a dramatic change in public attitudes. It will enable us to exercise free thought. And, I believe the public will gain definite confidence if they have the assurance that they will not face reprisal action from the bureaucracy in unrelated areas.

Taichi Sakaiya, author and economist. Born 1935 in Osaka. Graduate of Economics Department of Tokyo University. Employed by Ministry of International Trade and Industry. Resigned 1978. In 1992, wrote a long-term major column titled "Winds and Flames" for the SANKEI SHIMBUN and stirred a controversy. Won the 7th Seirondaisho [Logic Debate Award]. His novel titled "Portrait of a Man About to Face a Decline in Fortunes," (published in two volumes) which describes the magnificent ambitions of Enzo Hamaya, "the disloyal of Akaho" is interesting.

Article Views Currency, Stock Market Conditions

952A0777A Tokyo SHUKAN TOYO KEIZAI
in Japanese 2 Sep 95 pp 60-63

[Unattributed article: "Business Conditions Seem About to Recover, More Rough Weather Feared for Stocks"]

[FBIS Translated Text] "Policy cooperation is theatre." That is a favorite phrase of Makoto Utsumi, a former deputy vice-minister for financial affairs who is currently a Keio University professor.

He says that in international relations there cannot exist such things countries which comply with international demands to the point of sacrificing their own domestic policies. That the important point in success is to produce the drama in a plausible manner when the domestic policies of all the countries are exactly coordinated, and perform magnificently for the theatre audience (persons connected with markets).

On that point, the cooperative action which Japan, America and Germany have displayed up to now in the current drama of correction of the ultrastrong yen (reaction against the dollar) can be said to merit a perfect score of 100 on both production and performance.

In particular, the Japan-U.S. simultaneous monetary-easing and concerted intervention of 6, 7 July, the 2 August promotion of overseas investment and loans by the Ministry of Finance and concerted intervention by Japan and America strongly impressed on persons connected with markets the fact that Japanese and U.S. currency authorities are in perfect harmony toward correction of the strong yen. Because of that, correction of the market price of yen progressed in one breath from the approximately Y85 to the dollar up till then to Y99.05 to the dollar on 16 August.

Apprehension of a Business Slowdown

This time the first announcement by Japan and America of a decision to correct the strong yen was made at the 25 April G7 (conference of finance ministers and central-bank presidents of seven advanced countries). Looking back at that time, America had its own reasons for responding to Japan's call for correction of the strong yen. It appears that Japan also foresaw that, and skillfully lured America into it.

The biggest reason America was eager to correct the strong yen was its own financial situation of "apprehension of a business slowdown." If propping up business led to monetary easing, it could very well spur on the weakening of the dollar, so America wanted to push up the dollar in advance.

The second is the international political factor.

At the time, U.S.-Chinese relations were on a downward path triggered by the problem of Taiwan President Li Teng-hui's visit to America. In the Asian region it is certainly not desirable to allow one's relations with Japan and China to deteriorate at the same time. The rise of China's latent threat led to a review which decided to change policy toward Japan, which was devoted solely to the economic side, to a comprehensive policy which includes security.

The third is the Japanese economy.

Japanese business is now in an extremely critical state. Even if one continued to do nothing about the strong yen, there seems to be no possibility of anticipating concrete positive results in the aspects of market opening and expansion of U.S. exports to Japan. Furthermore, if the deflation crisis and financial-system instability become more serious, the sparks could very well spread to the world economy and, in turn, to America itself.

To Japan, correction of the ultrastrong yen was a question of life-or-death. As a stop-gap measure till early spring of next year, when the downward trend in the trade surplus will become clear, the Ministry of Finance directed its attention to promoting the capital-reflux of such institutional investors as life insurance companies. Because even if trade surpluses continue at a high level for a time, if capital outflow progresses, the surplus of dollars on foreign currency markets will be eased, so pressure for a strong yen will ease.

Moreover, the percentage of the total assets of life insurance companies which is accounted for by foreign currency denomination assets on which there is no exchange hedge has declined greatly, from about 20 percent at the time of the bubble economy to about 5 percent of late.

The Key is Investment in Foreign Bonds

Furthermore, judging from the ultra-low interest rates in Japan, the attraction of foreign-currency investment, which has a domestic-foreign interest difference of all of 3 to 4 percent, will go on growing daily. It was a situation in which "If only the progress of the strong yen would stop, we could begin actively investing in foreign bonds at any time," (Nippon Life Insurance Co.). The 2 August measures promoting overseas investment and loans were set forth as though taking aim at that kind of situation.

This would not be bad for America either. If opinion grows stronger that bond-investment from Japan will become active again, it will be possible to hold down interest rates. Depending on the case, they may turn downward. It would clearly be a plus for American business, whose apprehension of a slowdown is growing stronger.

Such Japanese and American purposes overlapped, and the framework for cooperative action came into being in one breath.

The question is how far correction of the strong yen will progress by this kind of Japan-U.S. cooperation, and will it be able to maintain that level?

As to the market price of yen, because of such short-term capital as speculators, the dollar was aggressively bought, reaching Y99 to the dollar for a time. Now it has weakened to the the middle of the Y90-Y99 level because of profit-taking selling of dollars and selling of dollars by export companies. The range of the immediate weak-yen correction, and its staying power, will determine to what extent this pressure to sell dollars will be absorbed by foreign-bond investment of institutional investors and so on and by buying by new speculators.

Fortunately, it seems likely that Japan and America will be able to continue a cooperative setup for some time. Voices from auto industry circles and so on have already been raised against a weak yen which goes far beyond Y100 to the dollar. Moreover, there is no indication that such persons as Treasury Secretary Rubin and Under-Secretary Summers, who view the financial instability and falling land-prices as being serious, will relax the present cooperative stance for a rate between Y95 and Y99 per dollar. Top officials of the Ministry of Finance are busily telephoning major life insurance companies and pressing them to more actively invest in foreign bonds. As though in response to this, individual investors and some life insurance companies, unable to endure the ultra-low interest in Japan, have begun to show enthusiasm for investing in foreign bonds. If compilation of the second supplementary budget, which is scheduled for the beginning of autumn, and such additional measures as measures to relax regulations, continue with good timing, the possibility of another sharp rebound of the yen will become more distant.

Brightness Among the Clouds

Reflecting the weaker yen, uneasiness over business conditions declining still further, and assertions of a deflationary crisis have also begun to recede.

From June into July of this year business conditions were at a nadir of complete pessimism. At that time the yen was about Y85 to the dollar, a strong yen which was widely separated from the real-balance exchange rate, and stock prices were at the Y15,400 level, the lowest since the bursting of the bubble economy.

At a strong-yen level of about Y85 to the dollar the corporate mind lost interest. It was a situation in which initial plans for increasing profit in the March 1996 period went to the winds, and plans for plant and equipment investment, which was expected to recover, were also revised downward.

But because of this time's correction of the strong yen, it seems likely that that kind of worst-case scenario will also end up being an unfounded fear. Company results

are recovering centered on export industries, and there have also appeared companies which set to reworking business plans in line with the new exchange level.

Actually, every company is in the very midst of forecasting the earnings-outlook, so the exact figures are not clear at this point. An urgent survey by SHUKAN TOYO KEIZAI was able to gain the following kind of sense.

In regard to Nissan Motor Co., Ltd.'s March 1996 period, hope has appeared that the initial target of a balance of income and expenditure will turn out to be settlement of accounts with a surplus. Casio Computer Co., Ltd.'s export ratio exceeds 40 percent, and it seems likely that the forecast of an ordinary profit of Y7.5 billion for the March 1996 period will be revised upward to three digits. There is also a possibility that revenue will also be revised upward for Hitachi Ltd., Mitsubishi Electric Corporation and Toshiba Corporation, which have semiconductor divisions.

The outlook is for revenue to also improve for Makino Milling Machine Co., Ltd., which many dollar-denomination exports. Fanuc, too, initially expected a slowdown in domestic plant and equipment investment, so it was expecting the second half of the year to be hard, but it has begun to change to the view that the enthusiasm of every company for plant and equipment investment will not weaken. And for Teac Corporation also, which is strong in CD-ROM [compact disk-read only memory], its export-ratio is high, so it seems likely that its revenue will be more than expected.

Managing Director Yukio (Yamaga) of the Dai-Ichi Kangyo Bank Research Institute looks at it this way.

"The crisis of plunging into full-scale deflation is departing. Production which has been stagnant will also begin to come back starting in August. Accompanying that, overtime work will also begin to increase. Beginning with the October-December period the GDP growth rate will rise above that for the previous period, and the real GDP growth rate for FY95 will be on the 1-percent level"

However, the prerequisites for that kind of scenario are continuation of a weak yen and smooth implementation of stimulus measures beginning in the autumn. The Bank of Japan's policy is not to relax its posture of guiding interest rates lower, but if they turn out to be inadequate fiscal measures which are puffed up with having corrected the strong yen, an emergency will occur again in the market.

**Voices Predicting [Nikkei Average of] Y20,000
Within the Year**

Stock market sentiment has also begun to change greatly in a form which reflects correction of the strong yen by concerted intervention by Japan, America and Germany. The Tokyo Stock Exchange Nikkei Average rebounded sharply almost Y3,700 in a period of something over 1 month, from a low of Y14,485 on 3 July to Y18,158 on 18 August.

According to trial calculations by various private research institutions, if we take a rate of Y85 to the dollar as a premise, the margin of ordinary increase in profit for FY95 based on all industries would be single-digit, but if the rate were Y100 to the dollar, the increase would be over 20 percent (40 percent if limited to manufacturing industries). Company results fluctuate greatly depending on the exchange level. The influence of the information revolution centered on America also added to that, so buying rose centered on high-tech stocks.

When a lull came in the correction of the strong yen, slow-starting stocks were bought centered on materials stocks, and it became a bullish market for overall volume. The main force in buying was foreign investors, and in particular the core was American pension funds. Buying by securities firms on a dealer basis, also added to that. Relaxation of regulations on trading on a dealer basis with regard to hitting new highs and buying at the last quotation was helpful. In addition, buying back of futures and trust selling also added on.

All the more so because the 8 May Nikkei Average of Y17,103 was seen to be a barrier, bulls have increased in the market because stock prices pierced this barrier and went to the Y18,000 level in one breath. All the more so because it will have a good affect on business conditions and company results if the exchange rate fluctuates as it is from the upper Y90's to about Y100, voices saying that the Nikkei Average will be Y20,000 within the year have also begun to intensify in the market.

Guidance by Foreign Investors

But as might be expected, continuation of exchange-rate stability is a precondition for the stock market to remain healthy. If weakening of the yen goes too far, long-term interest rates will become high in Japan also; conversely, if it changes to strengthening of the yen, the slump in business could very well continue. A situation like walking a tightrope will continue.

Another thing is that there also remains the question of whether it will be possible to cut the vicious cycle because, among the three big deflationary factors of an ultra-strong yen, a gap between supply and demand and

instability of the financial system, the exchange rate turned toward a weak yen.

Toward the end of, September the package of stimulus measures, the second supplementary budget and the Finance System Research Committee's interim report on disposition of non-performing loans will be published in succession. The package of stimulus measures will be the twin pillars of measures to expand domestic demand (nurturing of new business and measures for small and medium companies) and structural measures (such things as measures to dispose of non-performing loans, regulation-relaxation measures and a review of the tax system relating to land and securities). The focal point will be the scale of the second supplementary budget.

If it is short on content, like ones up to now, it can very well invite a feeling of disappointment from the market. Because the market has calculated on something which goes further. The second supplementary budget is seen to be on a scale of Y10 trillion including also issuing of deficit-covering bonds, but it is uncertain whether the Ministry of Finance, which is troubled by insufficient tax revenue, will approve. The Ministry of Finance wants to avoid large-scale additional issuing of deficit-covering bonds, so there are also signs that it has devised a bottoming out of the economy by playing the weak-yen card. It is a question of how much leadership the government can display in the direction of "both a weak yen and fiscal stimulus."

Taking even countermeasures on non-performing loans of finance companies specializing in homes, there is rivalry between banks and Ministry of Agriculture, Forestry and Fisheries-related financial institutions. Another thing is the trend in supply and demand. The balance of arbitrated buying accumulated to 170 million shares of stock, and selling appeared directed toward calculation of the 8 September special liquidation index. It is uncertain whether a volume will be possible which can handle that.

Basically, the Japanese has not at all solved the structural problems of reduction of the trade surplus, expanding domestic demand, relaxing of regulations and disposition of non-performing loans. Unless there appear moves to settle down in earnest and approach solution of these problems, stock prices will anticipate future violent fluctuations and collapse.

When we view it in broad terms, for the last 3 years stock prices have been fluctuating in a trading range between Y14,000 and Y20,000. Moreover the main force in buying has been foreign investors; domestic institutional investors centered on life insurance companies, investment trusts and business corporations have all

been selling, and individual investors have also dispersed. Domestic investors have been deeply wounded, so they cannot return to buying. One can say that it depends on how long continued buying by overseas investors will continue.

Author Discusses Book on End of Wartime Economy

952A0694A Tokyo VOICE in Japanese Aug 95
pp 86-89

[Article by Yukio Noguchi, a Hitotsubashi University professor who discusses his book entitled "1940 Economic Structure: Farewell to 'Wartime Economy'"]

[FBIS Translated Text] The greatest problem of Japan's economy is that the economy as a whole has fallen into a type of institutional-fatigue phenomenon. According to my idea, the fundamental setup of Japan's present economy was formed about 1940 as a wartime economic structure. I call this the "1940 economic structure."

Its main structural elements are as follows. First, there are "Japanese-type employment practices," the fundamental principles of which are lifetime employment and the seniority system, next there is the "Japanese-type enterprise," in which the authority of stockholders is very weak, and managers are made up of persons promoted from within. On the finance side, the special characteristic is that it is mainly indirect finance. In addition, regulation and control by bureaucrats is widely practiced in regard to such low-productivity sectors as agriculture, distribution and service industries. Furthermore, the fact that the independence of local public bodies is weak, that it has become a centralized system of public finance and that the tax system is built centered on taxing wages at the source are also special characteristics of the 1940 economic structure.

Rather than systems that existed in Japan from the beginning, one can view them as devices which were introduced against the background of the demands of a wartime economy. For example, prior to the wartime structure, Japan's enterprise finance system was centered on direct finance, and the authority of stockholders was strong. Furthermore, private-sector enterprises were entities independent of bureaucratic control. In addition, local public bodies also possessed independence. In general, Japan's economy prior to wartime can be considered to have had a fairly strong liberal tinge.

It underwent a great transformation about 1940. That structure ended up surviving in spite of defeat in World War II. I think that the basic cause of realizing high growth was the 1940 structure. By rights, this setup should have changed in the 1970's when high

growth ended. But because the oil shocks occurred, the necessity to fight an "all out war" arose three times, so it ended up remaining until today.

Japan's economy is now facing a demand for major structural reform. Behind the demand lies the rapid economic development of the countries of East Asia. In regard to this, on the side of advanced industries, it is required that they carry out a drastic rebuilding of industry structure and create new leading industries. It is required that Japan, not compete on the same level as the industries of East Asian countries, but keep one step ahead of them and build a new division-of-labor relationship.

It is difficult to depict the form of future leading industries in a concrete manner, but it is probable that, in manufacturing, high-tech industries in which very great weight is given to research and development, and, in service industries, ones related to information processing and manipulation of symbols will be the core. If the industries at the peak of this kind of field realize high productivity and high added-value, industries which provide all sorts of services to them will probably form the base, and absorb employment.

On the other hand, in regard to such low-productivity sectors as agriculture, distribution and small-scale service industries, it is required that Japan change from protective policies and promote deregulation of imports of agricultural products and rationalization of distribution and service industries.

However, the problem lies in the course to this kind of new structure with the current situation as the starting point. The new economic structure will differ greatly from the present structure, so the course will probably be accompanied by great friction. Actually, the 1940 structure is the biggest thing that will be an obstacle to shifting to the new system. In concrete terms, it will be as follows.

The first will be the employment structure of large corporations. New leading industries will probably be different from current major industries. In order to have genuine conversion of industry structure, it will be necessary to have movement of workers among corporations, to which limitations exist in the existing corporate system. Consequently, adjustment of employment which transcends the framework of corporations will be necessary in order to reach there.

But, in the corporate employment-structure of the 1940 structure, adjustment of employment which transcends the framework of corporations is extremely difficult. Thus, the doctrine of the corporation being the center of all things is a major limitation in terms of reforming

the present economic structure and creating new leading industries. Moreover, the process of picking out new leading industries is bound to be trial and error, so it is a high-risk process. But, under the indirect-finance method, there is a substantive difficulty in making this a reality. Because allocation of funds within the organizations called banks is bound to be basically conservative, so a bias is produced under which it is difficult for funds to flow to fields in which risk is high and success is not guaranteed.

The third obstacle is the difficulty of rationalization of the low-productivity sector represented by agriculture, distribution, small-scale service industry and so on. This sector is protected by all sorts of regulations, so it is difficult to escape from a vicious cycle of low productivity.

In that sense, the 1940 structure has become great fetters to structural reform of Japan's economy. One can probably say that it is precisely the conquest of this which is the most important task which has been assigned to Japan.

Next Generation Semiconductor Development: Noted
952A0781A Tokyo SHUKAN TOYO KEIZAI
in Japanese 26 Aug 95 pp 80-82

[Article by Naoyuki Mikami, journalist]

[FBIS Translated Text] Catching up with and overtaking the United States—in the 1970s, the public and private sectors came together in this common pursuit against America's computer giant, the IBM Corp., in what came to be known as the "National Super-LSI [Large-Scale Integration] Project." Under the leadership of the Ministry of International Trade and Industry [MITI], Japan's leading manufacturers—NEC Corp., Hitachi Ltd., Toshiba Corp., Mitsubishi Electric Corp., and Fujitsu Ltd.—formed a coalition to promote the joint development of the next generation LSI [chip] (then on the order of 1 megabit).

Since then, Japan's semiconductor production technology has improved by leaps and bounds. The National Super-LSI Project was truly an epoch-making success.

Today, some twenty years later, a new large-scale joint development project is about to be promoted—its aim, the conversion to a new generation of larger, 12-inch silicon wafers.

Aggressive American Makers

Behind this effort, we again find the United States.

Today, 8-inch (200 mm) wafers are the prevailing standard for semiconductor assembly plants that are being built or planned anywhere in the world. Because

Japanese makers held back on new investments in plants and equipment at the beginning of the 1990s, they got a late start in tooling up for these 8-inch wafers. With the improving semiconductor market, they have now taken a more aggressive stance and are ready to face the 8-inch wafers' full-fledged arrival.

However, with the United States hurrying to increase the diameter of the silicon wafer still further, Japanese makers are already beginning to feel pressured to accommodate a new generation of still larger 12-inch wafers.

From 1994, under the leadership of Sematech (a consortium organized in 1988 by American manufacturers and the U.S. military establishment for the joint development of semiconductor production equipment), a full-fledged global movement began to put large-diameter wafers into use. At the end of that year, a roadmap targeting the conversion to such wafers "by 1999 to 2000" was agreed on.

Of course, the larger the size of each wafer, the more semiconductor chips can be made from it. As indicated in trial estimates (see page 82), even though the investment cost for each production line goes up as the diameter of the wafer increases, the total cost of production can be reduced.

Large diameter wafer are also better for larger sized chips. The reason is that larger, square-shaped chips will fit better—i.e., will cause less space to be wasted—on a larger, round-shaped wafer.

This is also the reason that the United States, which is especially strong in microprocessing units (MPUs) and other large logic chips, is eager to convert to large diameter wafers.

In their eagerness to move the schedule for conversion up, at the "wafer summit" which was held in Geneva this April, U.S. makers like Motorola Corp. began to demand that "mass production begin from 1998."

The Japanese camp panicked. "The roadmap that was internationally agreed on says from 1999 to the year 2000," says Hiroaki Komiya, chief engineer at Mitsubishi Electric Corp.'s semiconductor business headquarters. Even wafer makers are quietly fuming. Says Yoshitaka Kawasaki, vice president of Shinetsu Semiconductor, "Even if someone were to say to me in 1997, give me prime (production-use) wafers, with no clear outlook on factors like price or volume, I couldn't do it."

Rising Development Costs

The year 2000 is not really that far off, and what has emerged is a proposal for the joint development of a

new of generation semiconductor production equipment for the larger 12-inch wafer.

The parent organization promoting this idea is the Semiconductor Industry Research Institute. It was formed as a think tank in April 1994 with funding from ten leading semiconductor manufacturers in order to study how to revitalize the semiconductor industry and promote the development of semiconductor technology. Members of the preparatory committee chaired by [Mitsubishi Electric Corp.'s Hiroaki] Komiya are hurrying to create the framework for joint development, but [according to Komiya] "if mass production is supposed to start between 1999 and 2000, then unless we can come up with specific recommendations by this autumn, we won't be on time."

In one of the plans under study, each semiconductor maker would provide the capital to set up a joint stock company and would jointly test the reliability and performance of the semiconductor production equipment for the new generation of wafers. Projected are investments on the scale of several tens of billions of yen.

Even then," says Komiya, "we won't make the deadline if we start from step one to set up our testing lines. The question then is which of the makers' existing facilities to make use of. We want to carefully study several options and then work on a realistic framework for joint development."

In a word, the approach is to put rival companies in the same boat. The reason is simple: no one company can bear the cost of development alone. "No matter what," says Komiya, "development costs from the early stages down to where we're testing the production equipment will generally run anywhere from 50 billion yen to 100 billion yen."

Another point to consider is what kind of semiconductor chip will be made from 2000, after manufacturers have converted to the 12-inch wafer.

Considering the speciality of Japanese manufacturers, one imagines it will be a DRAM (dynamic random access memory) chip in the 256-megabit class.

In that case, the "micron rule"—how thin to make the semiconductor chip—will be upped to 0.25 microns, from the present 0.5 to 0.35 micron level (one micron is equal to 1/1000 millimeters).

"Quality standards for such wafers will be much stricter in that case than for the 8-inch wafers," says [Shinetsu Semiconductor's Yoshitaka] Kawasaki. Again, since the wide diameter wafers are harder to handle, more precision in the the production process will be needed than

at present. All this will only mean rising development costs.

Haggling Starts

However, when it comes to detailed discussions, joint development projects can run into difficulties as team members start to bicker among themselves. According to a close source, "the lower-ranking makers think there's no reason for them to put in any money. Even among the leading makers, some are saying it might be better to go it alone or go into joint development with a European or American company than to disclose technical information to rival domestic companies."

Relationships with semiconductor manufacturing equipment makers are also delicate.

Hiroshi Oura (president of Advantest Corp.), chairman of the recently incorporated Japan Semiconductor Manufacturing Equipment Association, feels strongly that "a setup like Sematech, where development funds are also given to production equipment makers, is desirable." In Sematech's case, \$120 million of its \$180 million budget in 1994 went into technical development contracts with production equipment and materials makers.

However, according to one leading semiconductor maker, "it's a big advantage to production equipment makers just to get joint testing of their equipment." Thus, if semiconductor makers were given their say, they would be throwing a feint ball at the idea of sharing development costs with them.

When one considers [the possible criticism that might come from] the United States, neither is it as easy as it was at the time of the National Super-LSI Project for the Japanese government to assist makers with public funds this time.

Clearly, to the degree that Japan's semiconductor industry has grown to where it can now stand shoulder to shoulder with the United States, the "unity" between the public and private sectors has weakened. Given this state of affairs, what kind of framework will be created?—the recommendations that will be put forth this autumn will foretell the future course of joint development.

North Korea

U.S., ROK Military Exercises Protested

SK2112040095 *Pyongyang KCNA in English*
0343 GMT 21 Dec 95

["War Exercises Against North in S. Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — The South Korean puppets illegally introduced 90 mm recoilless guns and 12.7 mm machine

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[FBIS Translated Text] Catching up with and overtaking the United States—in the 1970s, the public and private sectors came together in this common pursuit against America's computer giant, the IBM Corp., in what came to be known as the "National Super-LSI [Large-Scale Integration] Project." Under the leadership of the Ministry of International Trade and Industry [MITI], Japan's leading manufacturers—NEC Corp., Hitachi Ltd., Toshiba Corp., Mitsubishi Electric Corp., and Fujitsu Ltd.—formed a coalition to promote the joint development of the next generation LSI [chip] (then on the order of 1 megabit).

Since then, Japan's semiconductor production technology has improved by leaps and bounds. The National Super-LSI Project was truly an epoch-making success.

Today, some twenty years later, a new large-scale joint development project is about to be promoted—its aim, the conversion to a new generation of larger, 12-inch silicon wafers.

Aggressive American Makers

Behind this effort, we again find the United States.

Today, 8-inch (200 mm) wafers are the prevailing standard for semiconductor assembly plants that are being built or planned anywhere in the world. Because

Japanese makers held back on new investments in plants and equipment at the beginning of the 1990s, they got a late start in tooling up for these 8-inch wafers. With the improving semiconductor market, they have now taken a more aggressive stance and are ready to face the 8-inch wafers' full-fledged arrival.

However, with the United States hurrying to increase the diameter of the silicon wafer still further, Japanese makers are already beginning to feel pressured to accommodate a new generation of still larger 12-inch wafers.

From 1994, under the leadership of Sematech (a consortium organized in 1988 by American manufacturers and the U.S. military establishment for the joint development of semiconductor production equipment), a full-fledged global movement began to put large-diameter wafers into use. At the end of that year, a roadmap targeting the conversion to such wafers "by 1999 to 2000" was agreed on.

Of course, the larger the size of each wafer, the more semiconductor chips can be made from it. As indicated in trial estimates (see page 82), even though the investment cost for each production line goes up as the diameter of the wafer increases, the total cost of production can be reduced.

Large diameter wafer are also better for larger sized chips. The reason is that larger, square-shaped chips will fit better—i.e., will cause less space to be wasted—on a larger, round-shaped wafer.

This is also the reason that the United States, which is especially strong in microprocessing units (MPUs) and other large logic chips, is eager to convert to large diameter wafers.

In their eagerness to move the schedule for conversion up, at the "wafer summit" which was held in Geneva this April, U.S. makers like Motorola Corp. began to demand that "mass production begin from 1998."

The Japanese camp panicked. "The roadmap that was internationally agreed on says from 1999 to the year 2000," says Hiroaki Komiya, chief engineer at Mitsubishi Electric Corp.'s semiconductor business headquarters. Even wafer makers are quietly fuming. Says Yoshitaka Kawasaki, vice president of Shinetsu Semiconductor, "Even if someone were to say to me in 1997, give me prime (production-use) wafers, with no clear outlook on factors like price or volume, I couldn't do it."

Rising Development Costs

The year 2000 is not really that far off, and what has emerged is a proposal for the joint development of a

new of generation semiconductor production equipment for the larger 12-inch wafer.

The parent organization promoting this idea is the Semiconductor Industry Research Institute. It was formed as a think tank in April 1994 with funding from ten leading semiconductor manufacturers in order to study how to revitalize the semiconductor industry and promote the development of semiconductor technology. Members of the preparatory committee chaired by [Mitsubishi Electric Corp.'s Hiroaki] Komiya are hurrying to create the framework for joint development, but [according to Komiya] "if mass production is supposed to start between 1999 and 2000, then unless we can come up with specific recommendations by this autumn, we won't be on time."

In one of the plans under study, each semiconductor maker would provide the capital to set up a joint stock company and would jointly test the reliability and performance of the semiconductor production equipment for the new generation of wafers. Projected are investments on the scale of several tens of billions of yen.

Even then," says Komiya, "we won't make the deadline if we start from step one to set up our testing lines. The question then is which of the makers' existing facilities to make use of. We want to carefully study several options and then work on a realistic framework for joint development."

In a word, the approach is to put rival companies in the same boat. The reason is simple: no one company can bear the cost of development alone. "No matter what," says Komiya, "development costs from the early stages down to where we're testing the production equipment will generally run anywhere from 50 billion yen to 100 billion yen."

Another point to consider is what kind of semiconductor chip will be made from 2000, after manufacturers have converted to the 12-inch wafer.

Considering the speciality of Japanese manufacturers, one imagines it will be a DRAM (dynamic random access memory) chip in the 256-megabit class.

In that case, the "micron rule"—how thin to make the semiconductor chip—will be upped to 0.25 microns, from the present 0.5 to 0.35 micron level (one micron is equal to 1/1000 millimeters).

"Quality standards for such wafers will be much stricter in that case than for the 8-inch wafers," says [Shinetsu Semiconductor's Yoshitaka] Kawasaki. Again, since the wide diameter wafers are harder to handle, more precision in the the production process will be needed than

at present. All this will only mean rising development costs.

Haggling Starts

However, when it comes to detailed discussions, joint development projects can run into difficulties as team members start to bicker among themselves. According to a close source, "the lower-ranking makers think there's no reason for them to put in any money. Even among the leading makers, some are saying it might be better to go it alone or go into joint development with a European or American company than to disclose technical information to rival domestic companies."

Relationships with semiconductor manufacturing equipment makers are also delicate.

Hiroshi Oura (president of Advantest Corp.), chairman of the recently incorporated Japan Semiconductor Manufacturing Equipment Association, feels strongly that "a setup like Sematech, where development funds are also given to production equipment makers, is desirable." In Sematech's case, \$120 million of its \$180 million budget in 1994 went into technical development contracts with production equipment and materials makers.

However, according to one leading semiconductor maker, "it's a big advantage to production equipment makers just to get joint testing of their equipment." Thus, if semiconductor makers were given their say, they would be throwing a feint ball at the idea of sharing development costs with them.

When one considers [the possible criticism that might come from] the United States, neither is it as easy as it was at the time of the National Super-LSI Project for the Japanese government to assist makers with public funds this time.

Clearly, to the degree that Japan's semiconductor industry has grown to where it can now stand shoulder to shoulder with the United States, the "unity" between the public and private sectors has weakened. Given this state of affairs, what kind of framework will be created?—the recommendations that will be put forth this autumn will foretell the future course of joint development.

North Korea

U.S., ROK Military Exercises Protested

SK2112040095 *Pyongyang KCNA in English*
0343 GMT 21 Dec 95

["War Exercises Against North in S. Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — The South Korean puppets illegally introduced 90 mm recoilless guns and 12.7 mm machine

guns into an MP [military police] post in the demilitarized zone (DMZ) south of the central sector of the front on December 18 and 19, according to military sources.

On the 19th, the puppet army soldiers who were entrenched in an MP post in the DMZ south of the eastern sector of the front were called out all at once to occupy combat positions and take firing postures with a 90 mm recoilless gun and 12.7 mm machine gun which had already been introduced.

This seriously threatened the lives of civil policemen of the North side who were on a routine watch duty in the DMZ.

On the 18th and 19th, the U.S. imperialist warmaniacs, along with the South Korean puppets, staged a joint aerial war exercise aimed at making a combined surprise attack at the major targets in the northern half of Korea in the skies above the West Sea of Korea [Yellow Sea] with the mobilisation of more than 620 fighter planes belonging to the U.S. Seventh Air Force and the puppet air force.

On the 18th, the military helicopters of the South Korean puppet Army staged a missile strike exercise aiming at the targets in the North in the skies above Paju and Yonchon counties of Kyonggi Province.

On the 19th, 105 mm artillery groups of the puppet army deployed in the area of Chorwon county, South Korean Kangwon Province frantically fired more than 320 shells toward the areas adjacent to the DMZ.

The reckless military provocations of the U.S. imperialist warmaniacs and the Kim Yong-sam group which are getting more frequent day by day fully prove that they are running headlong along the road of confrontation and war against peace and detente on the Korean peninsula.

They must stop the war exercises and military provocations against the North at once.

Professor Links U.S. to 'Slush Fund Scandal'

SK2112083495 *Pyongyang KCNA in English*
0813 GMT 21 Dec 95

["The United States Also Is Placed Before Court" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — The South Korean newspaper KYONGHYANG SINMUN December 18 carried an article captioned "The United States Also Is Placed Before Court" by Cumings [name as received], professor at Northwestern University of the United States.

Referring to the fact that former presidents of South Korea No Tae-u and Chon Tu-hwan were detained for the "slush fund scandal", "December 12 coup" and the Kwangju massacre, the author of the article said that the role of the United States which zealously supported the dictators of South Korea always through superpartisan agreements would also face judgement.

It is high time that in connection with the trials of Chon and No, officials of the U.S. side who are well aware of the affairs in those days correctly explained what relations Chon Tu-hwan, the then commander of the Defence Security Command, and the U.S. Army Intelligence Agency had and what promise intelligence officers of the U.S. side made to Chon before and after the "December 12 coup", the author wrote.

It is a disgraceful thing which can be seen only in South Korea that those who were "presidents" were taken to prison in succession, the author said, and stressed that successive governments of the United States will also be to blame for backing dictators of South Korea.

'Imperialists' Plan World Without Socialism

SK2112091095 *Pyongyang KCNA in English*
0839 GMT 21 Dec 95

["NODONG SINMUN on Gravity of Ideological and Cultural Poisoning of Imperialists" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — Imperialists are now clinging to lunatic manoeuvres to build a world where socialism does not exist, a one-pole world where their domination prevails, by putting a period to the existence of socialism, and to this end they are exerting their efforts into a strategy of disintegration aimed at destroying socialist ideological bulwark through their ideological and cultural poisoning, says NODONG SINMUN in a signed article today.

The article tells what "cooperation" and "exchange" advertised by the imperialists are.

The article further says: They take them as important tools for ideological and cultural poisoning.

In what they call "cooperation" and "exchange" with other countries imperialists are mainly seeking to imbue the people with capitalist idea so that they may harbour an illusion about capitalist society. After the end of Cold War the socialist market disappeared and some countries have been in economic stalemate. By taking themselves of this opportunity, imperialists are trying to win them over with money bag and flowery words of "exchange" and "cooperation" and force their view of value upon them. They are also attempting to create difficulties and a confusion in those countries that go against their grain,

through isolation and blockade, and to disorganise them from within.

Their loud-mouthed "cooperation" and "exchange" are used for blowing the wind of liberalisation into those countries.

While maligning socialist system, the imperialists are whitewashing capitalism. They are pouring all sorts of decadent bourgeois publications and literary and art works into those countries so that the people may be familiar with the bourgeois way of life.

They are even urban commodities [words indistinct] with letters and pictures showing fin-de-siecle way of [word indistinct] it is their [word indistinct] that ideological and cultural offensive is mightier than tens of thousands of bullets and shells.

If one fails to see through the disintegration strategy of the imperialists and sharpen one's vigilance against it, neglecting ideological work, one cannot prevent the infiltration of capitalism nor defend socialist system after all.

If ideological work among the people is neglected even a moment, it will result in the ideological and cultural [word indistinct] of capitalism into socialism and downfall of socialist system.

This has been proved in Eastern European countries.

Foreign Media Denounce U.S. for Korea Policy

SK2112093695 Pyongyang KCNA in English
0825 GMT 21 Dec 95

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — A radio of Italy and a Nepalese paper denounced the U.S. Korea policy and urged peace keeping on the Korean peninsula.

Radio Citta Aperta of Italy on December 9 said:

The leftover of the Cold War remaining yet in the Korean peninsula is a product of the U.S. Korea policy.

The United States should fulfil its responsibility for establishing a new peace-keeping mechanism to replace the old Armistice Agreement in the Korean peninsula.

The Nepalese paper MATRIBHOOMI [spelling of name as received] in an article entitled "We Oppose Threat by Military Strength" on December 3 said the presence of the U.S. troops in South Korea is a threat to peace and security in this region.

"Aggression from North" is inconceivable because North Korea is a country which loves peace, the paper noted, and added: The United States should not threaten other countries by military strength in South Korea and

other regions of the world, but withdraw its troops and ensure peace in relevant areas.

Kim Yong-sam Creates 'Wave of War Hysteria'

SK2112043195 Pyongyang KCNA in English
0400 GMT 21 Dec 95

["Warmaniac Will Get Nothing But Doom" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 21 (kcna) — The puppet Kim Yong-sam of South Korea has been building up another wave of war hysteria.

The traitor reportedly showed up at a frontline unit of the puppet Army on December 19. He cried for "strict defense posture" and "prevention of the North's provocation," making impressions that the "North will attack the South soon."

This row kicked up by him, who has persistently whipped up a fever of war, clamouring about "likelihood of invasion by the North," makes it apparent that he has taken leave of his senses, put in hot water.

His visit to the puppet Army unit was motivated by a despicable and base intention to save the "civilian" regime from the serious crisis caused by the No Tae-u's slush fund scandal.

Kim Young-sam is now in a poor position, finding himself related to the slush fund scandal.

He, who makes himself infamous with perfidy, is trying to improve his image by making sacrifice of Chon Tu-hwan and No Tae-u and, at the same time, emerge from the crisis by resorting to belligerent and confrontation moves under the pretext of the "North's threat." His attempt is, however, a last-ditch effort of those whose days are numbered.

Kim Yong-sam's belligerent moves to drive the situation to the brink of war remind one of a puppy feeling no fear of tiger.

War will bring the traitor Kim to destruction before anyone else.

UN 'Enemy State' Clause for Japan Reviewed

SK2112084095 Pyongyang KCNA in English
0822 GMT 21 Dec 95

["Statement on Modifying U.N. Charter To Temporarily Apply 'Enemy State' Term to Japan Only" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — A statement of the DPRK delegation with reference to removing the "enemy state" clause from the

U.N. Charter was presented to the U.N. Secretariat on November 29.

As the cancel of the "enemy state" clause is a serious matter concerning the liquidation of the past of those countries which are defined as "enemy states" in the U.N. Charter, the "enemy state" clause cannot be outmoded so long as the past is not liquidated, the statement said, and went on:

To clear Japan of the past crime, with the passage of a long time, would be an unpardonable insult to all the Korean people and the Asian people, ignoring their pent-up anti-Japanese wrath. Japan has not yet made due apology and compensation.

The cancel of the "enemy state" clause is a serious political matter concerning peace and security of humankind. To clear Japan of the crime at present helps justify the assertion of Japan embellishing her aggression and arch crime and incite her ambition for reinvasion, which runs counter to the purpose and principles of the U.N. Charter for world peace and security.

If the international community glosses over the past crime of Japan for she is rich and donates a specific sum of money to the U.N., it will mean to prove that money is a decisive factor of settling all problems at the U.N. it will be a violation of justice and fairness vital to the U.N.

The DPRK does not oppose the cancel of the "enemy state" clause itself. What we oppose is to treat Japan on an equal term with such countries as Germany which reflected on the past comparatively in honest.

That is why the DPRK delegation proposes to modify the charter in such a way as to apply the "enemy state" clause only to Japan until she has liquidated her past crime in honest.

The statement was distributed as an official document of the U.N. General Assembly (A/50/803) on December 5.

Chairman Sends Greetings to Egyptian Counterpart
SK2112102895 Pyongyang KCNA in English
1006 GMT 21 Dec 95

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — Chairman of the Supreme People's Assembly [SPA] Yang Hyong-sop sent a telegram of greetings to Ahmad Fathi Surur upon his re-election as chairman of the People's Assembly of Egypt at the 1st session of the 7th People's Assembly.

The telegram expressed the belief that the traditional relations of friendship between the two parliaments

would further strengthen and develop in the future and wished him success in his responsible work.

Kim Chong-il Work on WPK Reviewed, Extolled
SK2012132795 Pyongyang KCNA in English
0930 GMT 20 Dec 95

["WPK, Great Party Adhering to Revolutionary Principle" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 20 (KCNA) — NODONG SINMUN in an article today says the great leader Comrade Kim Chong-il in his famous work "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song" noted that our party is a glorious party which has firmly adhered to its revolutionary principle in the whole period of the leadership over the revolution and construction.

The article quotes Comrade Kim Chong-il as saying:

"Our party has resolutely adhered to its revolutionary principle and invariably implemented the revolutionary line and policy in leading the revolution and construction."

The article further says:

Our party has consistently adhered to its revolutionary principle in the revolution and construction, proceeding from the fundamental interests of the revolution.

It could successfully carry out the democratic revolution and the socialist revolution with no deviations and vicissitudes by dealing with the socio-economic changes to fully satisfy the demands and interests of the working class and other broad working popular masses as required by the chuche idea.

It has firmly maintained its revolutionary principle of defending and implementing the independence of the popular masses in building socialism after the establishment of the socialist system.

Our party has strengthened its militancy and leadership role in every way, constantly enhanced the function and role of the people's power and resolutely defended and further developed the socialist property. With such unswerving revolutionary principle our party has been proud of being a great party with invincible might, upon which any enemy cannot pounce, and a glorious party which is brilliantly accomplishing the socialist cause under the banner of the revolution.

It has consistently implemented, with the chuche faith and steel-like will, the revolutionary and scientific line and policy which reflect the aspiration and demand of the popular masses for independence and the specific realities of our country.

It has consistently maintained and thoroughly implemented the general line of pushing ahead with the three revolutions, strengthening the people's power and enhancing its function and role in socialist construction. Thanks to the wise leadership of our party which has consistently implemented to its revolutionary line of independence, self-sustenance and self-reliance in national defense and the general line of socialist construction and other revolutionary lines, our people could win a great victory in all fields of the revolution and construction and successfully build Korean-style socialism centred on the popular masses on this land.

It, basing itself on an exact calculation of the rapidly changing situation and the balance of forces between our people and the foe in each period and at every stage of the developing revolution, has creditably defended the sovereignty and dignity of the country and the nation while tiding over the arduous difficulties and turning adversity into favourable condition with brilliant flexible tactics.

The revolutionary principle and superbness of our party which is defending the sovereignty of the nation and the supreme interests of the DPRK under the revolutionary banner of anti-imperialist struggle has been more powerfully demonstrated in the political and military confrontation with the imperialist allied forces in recent years.

Kim Chong-il Lauded by Foreign Media

*SK2112055495 Pyongyang KCNA in English
0412 GMT 21 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — Foreign news media dedicated articles to the fourth anniversary of the election of the great leader Comrade Kim Chong-il as supreme commander of the Korean People's Army [KPA].

The Nepalese paper JANA ASTAR on December 13 carried a picture of Comrade Kim Chong-il and an article entitled "On the Occasion of the Fourth Anniversary of the Election of the Great Leader Comrade Kim Chong-il as supreme commander of the Korean People's Army".

The paper said:

Comrade Kim Chong-il is the great thinker and theoretician, great politician as well as a great master of military affairs whom the Korean people have held in high esteem.

With the election of the great leader Comrade Kim Chong-il as supreme commander of the Korean People's Army, the Korean people have been able to firmly defend their just cause by force of arms under any

situation and have a firm belief and pride that no force dare provoke them.

The Pakistani paper MASHRIQ in an article headlined "Military Genius" said:

His Excellency Kim Chong-il has allroundly [as received] systematized and newly formulated the military idea of *chuche* of President Kim Il-song with his energetic study and ideological and theoretical activities to meet the requirements of the times and revolutionary practice.

His commanding art is to firmly believe in the popular masses and set their strength on the move to settle all problems.

Indeed, his excellency Kim Chong-il is the most brilliant commander who is possessed of all virtues and qualifications which an outstanding military strategist should have.

The Ugandan paper NGABO, the Pakistani papers THE NATION, sangamel and star, and the Peruvian magazine el callao carried articles entitled "The Great President Kim Il-song and His Excellency Kim Chong-il, Leaders Who Have Carved Out the Destiny of Korea," "Kim Chong-il, Supreme Commander of the Korean People's Armed Forces" and so on.

Radio Citta Aperta of Italy broadcast an article headlined "His Excellency Kim Chong-il Is a Symbol of Sure Victory".

Kim Chong-il Thanks Officials for Good Work

*SK2112055695 Pyongyang KCNA in English
0338 GMT 21 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to officials of the Yonan county party committee in South Hwanghae Province for actively assisting and guiding 30 odd units of the county to make methane gas production bases by themselves and manage them successfully.

Comrade Kim Chong-il also thanked officials of the party committee and people of Singye county, North Hwanghae Province, officials of the South Hwanghae provincial medicine office, a worker of the Koryo Service Guidance Bureau Kang Kum-sun, a teacher of the Sanbuk Senior Middle School Kim Yong-ok in Suan county, North Hwanghae Province, and other officials, working people and teachers of different units, for their good services for the party and the leader, society and the collective.

Poems Praise Supreme Commander Kim Chong-il

*SK2112101895 Pyongyang KCNA in English
0805 GMT 21 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — More than 600 poems were composed this year in which falls the fourth anniversary of the election of the great leader Comrade Kim Chong-il as supreme commander of the Korean People's Army.

This brought the number of lyrics, epical lyrics, epics and long poems composed in praise of the great brilliant commander in the past four year to almost 1,500.

The poem "He Is Our Supreme Commander" says that the desire and faith of the Korean people which was instilled into their hearts by the appearance of the lodestar of Mt. Paektu long ago has been realised with the election of dear Comrade Kim Chong-il as supreme commander of the Korean People's Army by the entire people and the whole army.

"The Glory of the Revolutionary Armed Forces of Chuche Is Boundless!", "We Serve the Supreme Commander!" and other poems passionately describe the energetic guidances of the great General Kim Chong-il given for the strengthening and development of the People's Army and his paternal love for the soldiers.

"Following the Great Brilliant Commander," "Please Lead Us" and other long poems vividly represent the great traits, exploits and extraordinary military gifts of respected General Kim Chong-il, the outstanding commander of the revolutionary armed forces, and his deep paternal love for the soldiers and his idea of the army-people unity.

Chonggye-ri Cited as Modern Socialist Community

*SK2112094295 Pyongyang KCNA in English
0830 GMT 21 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — Chonggye-ri, Pongsan county, North Hwanghae Province, in the midwestern part of Korea, is a land of glory associated with the historic on-the-spot guidance of the great leader President Kim Il-song.

Busy as he was with state affairs, the president visited this rural village far away from the capital city on eleven occasions. In January 1973, he went to Chonggye-ri and said that slaked lime must be spread over acidified soils on a regular basis and fields be rezoned properly so as to introduce machines.

In February the next year, he visited it again and indicated how to increase the per-hectare yield. And

he set forth the task of building up Chonggye-ri into a model unit of mechanisation.

After the on-the-spot guidance of the president, Chonggye-ri has been converted into a modern socialist rural community with multilaterally developed agriculture.

The cooperative farmers there dynamically conducted the nature-remaking for increasing grain output as taught by the president, with the result that they built the Kangok Reservoir, a 42-kilometre-long waterway and more than 20 pumping stations.

In addition, they rezoned paddy fields of more than 300 hectares for mechanized farming and created an orchard of over 200 hectares on hillsides and hills.

Chonggye-ri has more than 100 tractors, lorries and trailer farm machines. So, all farm work is done by the help of machines.

It had no agronomist 30 years ago. But, 12 percent of its farmers are agronomists and assistant agronomists.

Two-storied and three-storied rural apartment houses, a school, a hospital, nurseries, kindergartens and other public buildings and welfare facilities made their harmonized appearance beside the Komsu Stream and at the foot of hills.

Grain output has risen year after year. As of the end of last year, rice production increased 5.4 times and maize production 4 times and shares for each farmer 2.5 times as against 1964.

Indeed, Chonggye-ri has been converted into a modern socialist rural community good to live and work in under the wise leadership of President Kim Il-song.

Silkworm Farm Production Figures Reviewed

*SK2012132995 Pyongyang KCNA in English
0932 GMT 20 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 20 (KCNA) — The Sahyon cooperative farm of Kumya County, South Hamgyong Province, in the eastern part of Korea is famous for silkworm culture.

This year it produced an average of 1.4 tons of cocoons from each hectare, 3 tons at the maximum.

Some time ago, the great leader Comrade Kim Chong-il sent thanks to the farm for its success in cocoon production.

It has a mulberry field of more than 30 hectares.

It produces cocoons on six occasions a year after it introduced a new silkworm raising method.

In the 1990s, the farm has produced more than one ton of cocoons from each hectare on an annual average, 2.5 to 3 tons at the maximum.

It has a solid material and technical foundation needed for the production of cocoons. More than 30 percent of farmers are sericulturists.

The earnings from silkworm raising amount to nearly 40 percent of the total income of the farm.

Kimchongilia Greenhouse Built in Yanggang

*SK2112095295 Pyongyang KCNA in English
0833 GMT 21 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA) — A Kimchongilia greenhouse was built in Pochon County in Korea's northeastern inland province of Yanggang.

Walls, a roof and underground structures of the greenhouse were set up in a particular style to suit the weather specifics of the mountainous area. With a free control of temperature, humidity, light and sound, blooming is possible all the year around in the greenhouse.

An opening ceremony of the greenhouse was held on the spot on December 20. Yi Kil-song, chief secretary of the Yanggang provincial party committee and chairman of the Yanggang provincial People's Committee, addressed the opening ceremony.

He said that the greenhouse was built on the land of Pochon, a time-honoured sacred place of the revolution, on the threshold of the 4th anniversary of the election of the great leader Comrade Kim Chong-il as the supreme commander of the Korean People's Army and the 78th birth anniversary of Comrade Kim Chong-suk, an indomitable communist revolutionary fighter.

"As it has been made possible to bloom Kimchongilia here, the people can cherish their loyalty and filial piety more deeply," he said.

South Korea

Kim Meets U.S. Commanders, Says Alliance 'Firm'

*SK2112015295 Seoul THE KOREA HERALD
in English 21 Dec 95 p 2*

[FBIS Transcribed Text] President Kim Yong-sam yesterday invited Gen. Gary Luck, commander of the U.S. Forces in Korea, and 19 other American military leaders to a Chongwadae dinner yesterday evening.

Officials said it was the first time for President Kim to host a dinner party for the U.S. commanders at Chongwadae.

"President Kim arranged the meeting to offer his appreciation to members of the U.S. Forces for their services at the year-end season," a Chongwadae official said.

The President also felt the need to meet with the American commanders because of the recent escalation of tension on the Korean Peninsula, the official said.

During his visit to a Korean Army unit Tuesday, Kim said the South Korea-U.S. military alliance remains firm, a point he reemphasized at yesterday's Chongwadae meeting.

Kim's guests at the Chongwadae dinner, all of them accompanied by their wives, included Lt. Gen. Richard Timmons, commander of the Eighth U.S. Army; Maj. Gen. Tommy Franks, commander of the Second Infantry Division; Lt. Gen. Ronald Iverson, commander of the Seventh Air Force.

On the Korean side were Defense Minister Yi Yang-ho; Gen. Kim Tong-chin, chairman of the Joint Chiefs of Staff; outgoing Chongwadae Chief of Staff Han Sung-su; and Yu Chong-ha, senior presidential secretary for foreign and security affairs.

U.S. Soldier Sentenced for Subway Incident

*SK2112083395 Seoul YONHAP in English
0817 GMT 21 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 21 (YONHAP) — A U.S. soldier was sentenced to six months in prison Thursday [21 December], after being convicted of assaulting a Korean man in a subway brawl.

The Seoul District Court convicted Sergeant Frank Golinar, 31, of punching Cho Chong-kuk along with his military colleagues, when he protested their noisy and disruptive behavior on the subway.

Golinar, however, who is now under in the U.S. Army's custody, will not be immediately imprisoned until a final sentence is handed down, in accordance with the current Status of Forces Agreement (SOFA). Seoul and Washington are currently negotiating revisions to update this 1966 agreement, which many feel is an unfair law that sanctions special treatment for U.S. soldiers in Korea.

The court also fined So-hui Kim Golinar and the two other soldiers involved 500,000-1,000,000 [\$666-\$1,333], for their roles in the incident.

In its decision, the court said, "We are sentencing Mr. Golinar to time in prison, because he and his colleagues haven't admitted assaulting Mr. Cho in the subway brawl, and he still does not regret his actions, but instead claims that he was the victim. Moreover, there has been no compromise between the Korean victim and them."

The prosecution charged the soldiers and the Korean woman May 18, although it released them on their own recognizance.

U.S. Citibank Seoul Branch Faces Union Strike

SK2012031895 Seoul YONHAP in English
0207 GMT 14 Dec 95

[FBIS Transcribed Excerpt] Seoul Dec. 14 (YONHAP) — [passage omitted] The Seoul branch of the United States' Citibank is facing its most dire crisis ever due to a management-labor dispute regarding wage negotiations.

The trade union of the American bank said Thursday that its 190 unionists went on strike for eight straight days since Thursday as the two sides failed to come to terms despite having had 35 rounds of wage negotiations since May.

In particular, three members have been staging a hunger strike since Tuesday, according to the labor union.

"Other foreign banks here have settled their wage negotiations by agreeing to increases of 16 percent to 21 percent," the union insisted, "but our bank has showed an insincere attitude in negotiations, insisting at first on an increase rate of 5.6 percent and only having recently suggested a 12.6 percent hike." [passage omitted]

U.S. Agrees to Business Cooperation Committee

SK1912063495 Seoul YONHAP in English
0558 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — South Korea and the United States agreed to establish a bilateral committee on business cooperation in the industrial technology field, the Trade, Industry and Energy Ministry said Tuesday.

Trade, Industry and Energy Minister Pak Chae-yun and U.S. Secretary of Commerce Ron Brown signed a memorandum of understanding (MOU) on the committee's establishment, according to the ministry.

Because they did not meet with each other, "a diplomatic channel" was used for the MOU's conclusion, a ministry official said.

The ministry said committee members will be chosen from among government officials and businessmen from both countries, who will have discussions on a detailed agenda. The committee is to be inaugurated in the first half of 1996.

The committee will operate three working groups on small and medium-sized enterprises, development of business sectors, and business facilitation, according to the ministry.

Trade-related ministers from the two nations will co-chair the committee.

U.S., EU Reject Telecom Liberalization Plans

SK1912054295 Seoul THE KOREA HERALD
in English 19 Dec 95 p 8

[FBIS Transcribed Text] The United States and European Union have refused to accept Korea's initial-offer list on the liberalization of the domestic telecoms service market during the 10th session of the WTO's Negotiation Group on Basic Telecommunications (NGBT) talks in Geneva, Switzerland, last week.

"The U.S. and EU delegations, meeting with the Korean delegation in separate bilateral talks, complained that the 33-percent upper limit on foreign equity ownership in Korea's wired and wireless telecom service companies is too protectionist," said Assistant Minister of Information and Communication Yi Chong-sun, the chief Korean delegate.

The U.S. and EU also protested Korea's plan to open its communications line resale-service to foreign competition from 2001, demanding that the schedule be sharply advanced, Yi said.

The 11th session of NGBT talks is scheduled for Jan. 22, 1996.

U.S. Purchase of DPRK Magnesite Reported

SK1912022695 Seoul YONHAP in English
0108 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — North Korea exported several thousand tons of magnesite worth 10 million U.S. dollars to the United States in June, the National Unification Ministry belatedly discovered Tuesday.

A ministry official said the American firm Minerals Technology Company had already transported the North Korean-produced magnesite June 10 through a vessel of third country.

But he said he could not confirm whether there has been another deal between the two countries following the first shipment.

U.S. mineral importers had previously relied on China for importing magnesite but began to seek other countries as suppliers after China more than doubled its mineral prices recently, he noted.

The United States had imposed a 40-year trade embargo against the communist country but partially lifted the ban in the fields of telecommunications, magnesite,

financial services and some others as follow-up measures of the Washington-Pyongyang nuclear framework agreement in Geneva last year.

Minister Yi: No Direct Signs of North Invasion

*SK2112044995 Seoul THE KOREA TIMES in English
21 Dec 95 p 3*

[Report by staff reporter O Yong-chin]

[FBIS Transcribed Text] Defense Minister Yi Yang-ho said yesterday that no direct signs that North Korea is preparing an all-out war against South Korea have been detected.

In a press meeting after it was decided Yi would keep his post in the Cabinet reshuffle, the defense chief said, "The Armed Forces see no threat of an immediate, large-scale attack by North Korea, although the North has recently undertaken a number of 'unusual' military movements. [no closing quotation mark as published]

Yi made this remark when asked whether or not the recent series of government reports on the North's military movements near the border had been politically motivated. Some people have suspected that the government is playing the "security issues card" for political reasons, even as they admit that there has been a dramatic loss in the people's feeling of a need for security.

Reports made by the ROK Joint Chiefs of Staff and the Agency for National Security Planning said that over 100 military aircraft, including MIG-17s, -19s and Il-28 bombers, have been repositioned at three airbases within 30 to 40 kilometers from the Demilitarized Zone.

They also said that more field pieces have been moved near the DMZ able to strike Seoul. These reports, along with foreign news reports warning of another war on the Korean Peninsula, have kept the nation on edge about security.

ROK JCS [Joint Chiefs of Staff] said that, in connection with the North's military movements, the United States will dispatch an armada headed by an aircraft carrier and battleships to the South in January, while the ROK Armed Forces have been put on wintertime vigil.

Even intelligence circles are coming up with different analyses of the situation: One sees the North Korean military repositioning itself, while the other thinks that the North is preparing for a southern invasion.

Yi said that the advance-positioning of military aircraft and artillery pieces alone cannot indicate that the North is preparing for all-out war.

"At present, South and North Korea maintain a similar troop level," he said. "Should the North move to invade

the South, it must bring its mechanized units down near the DMZ to back up the frontline troops and submarines would have to be out of port in an operational posture."

He added that military intelligence thus far has not detected such vital signs of an immediate Northern offensive.

Mechanisms Studied To Ensure Central LWR Role

*SK2012145995 Seoul MUNHWA ILBO in Korean
19 Dec 95 p 1*

[Report by Yi Pyong-son]

[FBIS Translated Text] Since the light-water reactor [LWR] project for North Korea is to be pushed ahead on a full scale following the conclusion of the light-water reactor provision agreement between the Korean Peninsula Energy Development Organization [KEDO] and North Korea, the government on 19 December decided to work out several systematic mechanisms to firmly ensure the "ROK's central role."

The Light-water Reactor Planning Group revealed that it is pushing for the conclusion of a "pre-project service contract" between KEDO and Korea Electric Power Corporation [KEPCO], the main contractor, as soon as possible, prior to the formal conclusion of the commercial contract.

A relevant official at the planning group said: Since it usually takes more than a year for the conclusion of the commercial contract, the group has worked out a plan for a provisional contract to enable KEPCO to carry out with the initiative the site preparation work, instructions for design, and the like.

He added that "the United States and Japan have also agreed with this plan, and it is believed that North Korea will not oppose this, because it also wants the initiation of the project at an early date."

At the same time, the planning group decided to dispatch nuclear energy experts to the management headquarters at KEPCO, if necessary, with a view to establishing smooth cooperative relations between the Atomic Energy Research Institute, which is the systematic designer of the "ROK-standard model reactor," and KEPCO.

DPRK Shortens Najin-Sonbong Project

*SK1812054695 Seoul KYONGHYANG SINMUN
in Korean 17 Dec 95 p 2*

[Report by correspondent Yi Tae-kun]

[FBIS Translated Text] It was learned that North Korea recently shortened its Najin-Sonbong economic development project to two phases since its original three-

phase development project failed to achieve success despite expectations.

A concerned official at the Ministry of National Unification revealed: "North Korea originally planned to complete the first-phase development project of the Najin-Sonbong area by 1995 and to push ahead with the second- and third-phase projects after that. However, North Korea has changed to complete the first-phase project by 2000 and the second-phase project by 2010 because no progress has been made in the development project."

Carter: North 'Reconsidering' Olympics Decision

SK2012052295 Seoul YONHAP in English
0451 GMT 20 Dec 95

[FBIS Transcribed Text] Washington, Dec. 19 (YONHAP) — Former U.S. President Jimmy Carter indicated Tuesday that North Korea had informed him it is reconsidering its decision to not participate in the Atlanta summer Olympic Games next year.

In a statement issued by the Carter Center, he added that this information had also been forwarded to the International Olympic Committee (IOC).

Early last year Carter visited Pyongyang and arranged an inter-Korean summit between South Korean President Kim Yong-sam and his North Korean counterpart Kim Il-song, but the summit was canceled as a result of the North Korean leader's death in July 1994.

Carter quoted an IOC official as saying that if North Korea applied for participation in the Atlanta Olympic Games, the IOC would give the application favorable consideration, even though the deadline for application was last month.

However, if North Korea were to apply for participation in the Atlanta Olympics now, the communist nation would not be able to participate in those events involving a regional qualification selection process.

Carter recently sent North Korean leadership a letter requesting that they reconsider the decision not to participate in the 1996 Summer Olympics.

Japanese Politicians Awarded Diplomatic Honors

SK2012034295 Seoul THE KOREA TIMES in English
20 Dec 95 p 2

[From the "Press Pocket" section; names as published]

[FBIS Transcribed Text] South Korean Ambassador to Japan Kim Tae-chi has decorated four Japanese politicians for their role in improving relations between the two countries, a Foreign Ministry spokesman said Monday.

On the 30th anniversary of normalization of relations between Seoul and Tokyo, Kim awarded the Order of Diplomatic Service merit, Grand Kwanghwa Medal, to the chairman of the Japan-Korea Parliamentarians' Union.

The ambassador also granted the Order of Diplomatic Service Merit, Kwanghwa Medals, to former lower House member Hara Bunbe and chairman of the Korea-Japan Economic Association Hakura Nobuya.

Japan's Upper House member Igarashi Kozo was given the Order of Diplomatic Service merit, the Heungin Medal.

Saudi Oil Minister Discusses Oil Cooperation

LD1612234595 Riyadh SPA in Arabic
2150 GMT 16 Dec 95

[FBIS Translated Excerpt] Yong Sam-kim, president of the Republic of South Korea received today Engineer Ali Bin-Ibrahim al-Nu'aymi, [Saudi] minister of oil and mineral resources, who is currently visiting South Korea. [passage omitted]

In a statement to SPA, after the meeting the oil minister said that he had discussed with the South Korean president some issues relating to oil cooperation between the two countries and that he had expressed Saudi Arabia's willingness to supply South Korea with the quantity of oil it wants according to world prices.

He added that oil cooperation between the two countries included Saudi Arabia's entering the subsequent process of refining and distribution of oil products in South Korea.

He pointed out that Saudi Aramco [Arabian-American Oil Company] and the [South] Korean company Sang Yong [as heard] are currently studying the possibility of establishing joint oil refineries in some Asian countries such as China for the refining and local distribution of oil, as well as exporting it abroad.

The oil minister said that he had communicated to the South Korean president Saudi Arabia's welcoming of South Korean companies to invest in the Kingdom [of Saudi Arabia] and to enter any of the commercial activities that are open to international companies according to the principle of commercial freedom and competition.

Minister al-Nu'aymi said that in the last few years Saudi Aramco had built six supertankers in South Korea out of a total of 15 oil tankers Saudi Aramco owns. [passage omitted]

Daewoo Exports Reach 10 Billion Dollars for 1995

*SK1912035495 Seoul THE KOREA TIMES in English
19 Dec 95 p 8*

[FBIS Transcribed Text] Daewoo Corporation was the third of general corporations following Samsung and Hyundai Corporations to hit the record 10 billion dollars in exports.

The company's exports reached 10.36 billion dollars as of Dec. 18 for the first time since the Daewoo Group's foundation, the company said yesterday.

The export amount is 17,303-fold the 500,000 dollars recorded in 1967 when the company was set up, and 73-fold 1975's 138 million dollars, when the company was designated as general corporate.

The annual export growth rate was on average 23.9 percent.

The number of export items increased from one in 1967 to 3,000 today, and the number of export nations also increased globally to 165 from the few mainly in Southeast Asian nations like Thailand and Hong Kong.

Daewoo Corporation explained that the export growth was mainly boosted by the overseas sales increase of automobiles to 2.1 billion dollars, up 175 percent from the previous year.

The company expects the export figures to reach 10.4 billion dollars by the end of this year and surpass 12 billion dollars next year. "We aim to achieve 22.8 billion dollars in exports by the year 2000," a Daewoo spokesman said.

HANJUNG Develops Nuclear Reactor

*SK1612014795 Seoul THE KOREA HERALD
in English 16 Dec 95 pp 8, 9*

[FBIS Transcribed Text] Korea Heavy Industries and Construction Co. [HANJUNG] announced yesterday that it has successfully localized the development of heavy water-type nuclear reactors.

The state-held machinery maker, or HANJUNG after its Korean acronym, is the second company in the world to develop heavy-water atomic reactor after Atomic Energy of Canada Ltd., as well as the first one to produce both light-and heavy-water reactors.

In March, HANJUNG succeeded in developing the light pressurized-water reactor in Ulchin No. 4 nuclear power plant, the so-called "South Korean Standard Reactor" to be supplied to North Korea in exchange for Pyongyang's abandonment of its own nuclear weapons program.

It took the power plant maker 19 months to construct the 700-megawatt heavy pressurized-water reactor, dubbed as Calandria vessel, a company spokesman said. The 350-ton reactor is eight meters long and 30 mm thick.

HANJUNG President Yi Su-kang and other Korean and foreign officials inaugurated and shipped the reactor vessel to the Wolsong No. 4 nuclear power station in a ceremony at its Changwon, South Kyongsang Province, plant, 400 km southeast of Seoul.

Compared with light water reactors, the heavy-water reactor, widely called as Candu type, has superior operational efficiency because it uses natural uranium as fuel and fuel replacement can be made without stopping the plant operation, said Yu Kang-mu, director of nuclear power generation division at the Ministry of Trade, Industry and Energy.

"On the other hand, the disadvantages of heavy water reactors are relatively lower maximum capacity than light water reactors while taking similar space for establishing plants," Yu said.

The technological difficulties in manufacturing a heavy water reactor has forced Seoul to depend on the Canadian maker for its three previous heavy water reactors, including one now in operation, said Yim Chong-yol, a HANJUNG spokesman.

The latest success in developing the heavy water reactor is expected to replace imports, while opening the way for exports of a new type of atomic power plants to Southeast Asian countries, Yim said, adding that the company plans to export it to China jointly with its Canadian partner. With a contract value of 15.4 billion won (about \$20 million), the reactor is a high value-added product, he said.

"It also has enabled the nation's largest heavy machinery maker to attain technological self-reliance in the high-precision welding of the vessel's nozzles and shells," the official said.

Korea has one heavy water reactor plant under operation in Wolsong, and expects three more units due in 1997, 1998 and 1999 respectively, on the same site, 370 km southeast of Seoul.

Government Selecting Sites for Atomic Plants

*SK2012041095 Seoul YONHAP in English
0251 GMT 20 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 20 (YONHAP) — The government will select one or two sites for new atomic energy plants in accordance with its long-term energy development plan, a Trade, Industry and Energy Ministry official said Wednesday.

This decision was made last Friday at a meeting of the Atomic Energy Committee, which formally rejected the plan to build a nuclear waste dump on Kurop Island near Inchon, because of its geological vulnerability to earthquakes.

Existing atomic energy plants are currently located in Kori, Ulchin, Wolsong and Yonggwang. These regions are now saturated with power plant-related facilities, making additional power plants unfeasible.

New sites being considered include the nation's coastlines, as well as nine prospective sites selected in the 1980s.

A ministry official said, however, that these nine sites (six in South Cholla Province, two in North Kyongsang Province and one in Kangwon Province) are unlikely, due to geographical changes that have taken place since the early 1980s, that make them unsuitable for atomic energy plants.

So, the government will seek one or two sites other than these nine places along the East Coast or the West Coast, he remarked.

Once the new sites are picked, the government will negotiate with the citizens in the areas on atomic power plant construction. Such negotiations in the past were tough because of the citizens' concern about radioactive pollution.

Under the long-term energy development plan, the government will build two 1.3 million kilowatt-class nuclear power plants by 2009.

New Cabinet, Chongwadae Secretariat Listed

*SK2112033695 Seoul THE KOREA TIMES in English
21 Dec 95 pp 1, 2*

[FBIS Transcribed Text] President Kim Yong-sam yesterday appointed Deputy Premier-Unification Minister Na Ung-pae as deputy premier-finance-economy minister in a large-scale Cabinet reshuffle affecting 11 ministerial seats.

Na was succeeded by Kwon O-ki, president of the daily TONG-A ILBO.

President Kim also named Kim Kwang-il, chairman of the ruling New Korea Party's Seoul Songpa-A District Chapter, presidential chief of staff, replacing Han Sung-su, who will run in next April's National Assembly election in his hometown of Chunchon, Kangwon-to.

Five new senior presidential secretaries were tapped in a large-scale shakeup of the Chongwadae Secretariat.

Kim picked Kim U-sok, former construction minister and his long-time aide, as home minister, replacing Kim

Yong-tae, chairman of the NKP's Taegu Puk District Chapter.

Education Minister Pak Yong-sik was replaced by Prof. An Pyong-yong of Yonsei University only seven months after his appointment. Pak was named education minister May 12 in the wake of former minister Kim Suk-hui's dismissal for her controversial remarks on the Korean and Vietnam Wars.

Kim appointed Kim Yong-su, senior presidential secretary for civil petition and inspection, as culture-sports minister.

Culture-Sports Minister Chu Ton-sik assumed the post of the first state minister for political affairs, replacing Kim Yong-ku, who will run in the National Assembly elections on the ruling NKP ticket.

President Kim also replaced Agriculture-Forestry-Fisheries Minister Choe In-ki with Kang Un-tae, former Kwangju mayor. Choe will also run in the April general elections in Naju, Chollanam-to, on the NKP ticket.

Vice Finance-Economy Minister Yi Sok-chae, who headed the South Korean delegation at the inter-Korean rice talks in Beijing last May, was named information-communications minister.

The post of environment minister went to Chong Chong-taek, a former lawmaker from Chongju.

Former agriculture-forestry-fisheries minister Kim Yang-pae, who resigned in the vortex of the Uruguay Round controversy in 1994, returned to the Cabinet as the new health-welfare minister.

President Kim named national tax administrator Chu Kyong-sok as the construction-transportation minister, replacing O Myong who will contest the April National Assembly elections on the ruling NKP ticket.

Kim retained all national security-related ministers, except for the national unification minister, in apparent consideration of the extraordinary military activities in North Korea. Kwon Yong-hae, director of the Agency for National Security Planning, was also retained.

In a large-scale in-house shakeup, Kim replaced his presidential chief of staff and a majority of his senior secretaries. Kim named Ku Pon-yong, vice science-technology minister, senior presidential secretary for economic affairs, replacing Han I-hon.

Sim U-yong, former governor of Kyongsangbuk-to, was appointed as senior presidential secretary for public administration, and Mun Chong-su, former senior prosecutor at the Inchon Prosecutor's Office, as senior presidential secretary for civil petition and inspection.

Senior Presidential Secretary for Policy Planning Pak Se-il was transferred to the post of the senior presidential secretary for social welfare, which was newly established.

Prof. Yi Kak-pom of Seoul National University was named senior presidential secretary for policy planning.

President Kim tapped Yu To-chae board chairman of the Seoul Olympic Sports Promotion Foundation, as senior presidential secretary in charge of managing Chongwadae. Kim retained Senior Political Secretary Yi Won-chong, Chief National Security Advisor Yu Chong-ha, Chief Press Secretary Yun Yo-chun, senior Agricultural Secretary Choe Yang-pu and Chief Protocol Secretary Kim Sok-u.

New Cabinet Lineup

Prime Minister Yi Su-song,	58, Kyongbuk
Ministers	
Finance-Economy	Na Ung-pae, 61, Taejon
National Unification	Kwon O-ki, 63, Kyongbuk
Foreign Affairs	Kong No-myong, 63, Hambuk
Home Affairs	Kim U-sok, 59, Pusan
Justice	An U-man, 53, Kyongnam
Defense	Yi Yang-ho, 58, Chungbuk
Education	An Pyong-yong, 54, Seoul
Culture-Sports	Kim Yong-su, 53, Incheon
Agriculture-Forestry-Fisheries	Kang Un-tae, 47, Chonnam
Trade-Industry-Energy	Pak Chae-yun, 54, Pusan
Information-Communication	Yi Sok-chae, 50, Kyongbuk
Environment	Chong Chong-taek, 60, Chungbuk
Health-Welfare	Kim Yang-pae, 57, Chonnam
Labor Affairs	Chin Nyom, 55, Chonbuk
Construction-Transportation	Chu Kyong-sok, 60, Pusan
Government Administration	Kim Ki-chae, 49, Kyongnam
Science-Technology	Chong Kun-mo, 56, Seoul
Information	O In-hwan, 56, Seoul
First State	Chu Ton-nik, 58, Chungnam
Second State	Kim Chang-suk, 61, Seoul
Office of Legislation	Kim Ki-sok, 56, Seoul

Prime Minister Yi Su-song,	58, Kyongbuk
Patriots-Veterans	Hwang Chang-pyong, 55, Kyongnam
New Chongwadae Staff	
Chief Presidential Secretary	Kim Kwang-il, 56, Kyongnam
Secretary for Political Affairs	Yi Won-chong, 56, Kangwon
Secretary for Economy	Ku Pon-yong, 48, Kyonggi
Secretary for Foreign Affairs	Yu Chong-ha, 59, Kyongbuk
Secretary for Administration	Sim U-yong, 55, Kyongbuk
Secretary for Petition	Mun Chong-su, 54, Seoul
Press Secretary	Yun Yo-chun, 56, Chungnam
Secretary for Social-Welfare	Pak Se-il, 47, Seoul
Secretary for Policy Planning	Yi Kak-pom, 47, Kyongnam
Secretary for Agriculture	Choe Yang-pu, 50, Kwangju
Secretary for General Affairs	Yu To-Chae, 62, Kyongnam
Secretary for Protocol	Kim Sok-u, 50, Chungnam

Kim: Changes To Create New Korea

SK2112031895 Seoul YONHAP in English
0248 GMT 21 Dec 95

["Shakeup To Be Stepping Stone to Second Foundation: Kim YS" — YONHAP headline]

[FBIS Transcribed Text] Seoul, Dec. 21 (YONHAP) — President Kim Yong-sam said Thursday that his cabinet changes are a result of his firm resolve to provide a stepping stone that will allow the government to push forward with the great task of moving toward the second foundation of this country.

After giving letters of appointment to new cabinet members, he said that all Korean people should actively participate in the first "rectification of history" since the beginning of the country to make a country they are proud of.

President Kim and his government is pushing for the so-called history rectification by indicting those, including ex-presidents Chon Tu-hwan and No Tae-u, responsible for the the Dec. 12, 1979 coup d'etat, and May 18, 1980 military crackdown in Kwangju.

Kim replaced 11 of the 22 cabinet members and seven of the 12 senior presidential secretaries Wednesday.

"The rectification of history is a great undertaking that all of us must work toward with a firm will to found this country all over again. That is to recover the self-

respect of the Korean people and create a bright future for this nation," Kim said.

He added that the government will have to take a more active role if it hopes to eliminate the remnants of military dictatorships and create an open society with a healthy and bright future.

Twelve New Appointees Profiled

SK2112031095 Seoul THE KOREA HERALD
in English 21 Dec 95 pp 2, 9

["Profiles" of new ROK Cabinet appointees]

[FBIS Transcribed Text] Na Ung-pae

Deputy Prime Minister & Minister of Finance and Economy

New Deputy Prime Minister and Minister of Finance and Economy Na, a five-term lawmaker, is reputed for his acumen and ability to do the job rationally.

Na, 62, who graduated from Seoul National University in March 1957, started his career at the central Bank of Korea in September the same year.

He taught business administration at his alma mater between 1965 and 1973 and received a Ph.D. degree from the University of California in 1968.

After becoming a lawmaker of the then-ruling Democratic Justice Party, Na served major party and government posts during the past administrations.

He was appointed as minister of finance in 1982, minister of industry and trade in 1987, while serving as deputy prime minister and minister of the Economic Planning Board in 1988.

Since February this year, he has worked as deputy prime minister and minister of the National Unification Board.

Kwon O-ki

Deputy Prime Minister for National Unification

He was president of the TONG-A ILBO daily. A graduate of the law college of Seoul National University, he started his journalistic career as a reporter for the KYONGHYANG SINMUN.

After he moved to the TONG-A ILBO in 1959, Kwon, 63, was sent to Tokyo and Washington as a correspondent for the newspaper. He served as managing editor, editor-in-chief and vice president before he was promoted to the post of president in 1993.

He also held posts outside the newspaper, including the chairman of the Korea committee of the Press Foundation of Asia.

In 1968-69, he was sent to Harvard University as a Nieman Fellow.

Kim U-sok

Minister of Home Affairs

Kim is a close confidant of Kim Yong-sam. A native of Chinhae in South Kyongsang Province, Kim served as construction minister in 1994.

He was first elected to the National Assembly in 1988 on the ticket of the now-defunct opposition Reunification Democratic Party then led by President Kim when he was an opposition leader.

From March 1990 to July 1991, Kim served as chief secretary to Chairman Kim Yong-sam of the then-ruling Democratic Liberal Party.

A graduate of Tong-A University in Pusan, the stronghold of President Kim, he served as president of the Korea Land Development Corp. in 1993.

An Pyong-yong

Minister of Education

An had served as public administration professor at Yonsei University for 20 years before he was named minister of education yesterday.

Born in Seoul in 1941, he graduated from the Department of Political Science at Yonsei in 1963. He earned his master's degree in public administration from Seoul National University (SNU) and received his doctorate from Vienna University in Austria.

He began his teaching career in 1971 at SNU and became an assistant professor at Yonsei in 1975.

He was acclaimed with dynamism and sincerity in his job when he served as dean of school affairs at Yonsei in 1988-1990.

Kim Yong-su

Minister of Culture and Sports

A graduate of the college of law, Seoul National University, Kim, 53, is a former prosecutor who served high-ranking posts at the Agency for National Security Planning.

He was also a lawmaker on the national constituency ticket of the ruling Democratic Liberal Party, the predecessor of the New Korea Party.

Kim was picked as senior secretary for petition and information for President Kim Yong-sam for his contribution during the presidential election. He was in charge

of analyzing political situations during the campaign period.

Kim is known for being a quiet man with great dedication to his work.

Kang Un-tae

Minister of Agriculture, Forestry and Fisheries

Minister Kang, 47, is the former Kwangju mayor and has an extensive background in provincial government administration.

He studied foreign affairs at Seoul National University and has a reputation as being an elite government official. Kang first began his public service in 1972 at the Ministry of Government Administration.

Sources close to Kang also say he is known for his scrupulous, detail-oriented working style. He is also outgoing in personality and can be aggressive when it comes to pushing projects. Kang is described as being similar in working style or background to his predecessor at the ministry, Choe In-ki.

Kang is a native of Hwasun, South Cholla Province. He is married and has two children.

Yi Sok-chae

Minister of Information and Communication

A graduate of Seoul National University's College of Commerce, Yi, 50, had served at a variety of government posts before taking office as vice minister of finance and economy in December of 1994.

Yi, who earned a doctorate in economy from Boston University of the United States, started his government career at the now-defunct Economic Planning Board in 1970 after passing the 7th higher civil service examination. He served as presidential economic secretary from 1984 to 1988 and became vice minister of agriculture, forestry and fisheries in May 1994.

A native of Songju, North Kyongsang Province, Yi is credited with playing a key role in leading the inter-Korean talks on rice aid in China in June this year to success.

Yi is said to be eloquent in speech, to have firm convictions and to have gained a deep confidence from President Kim Yong-sam. He also has authored several books on the Korean economy.

Chong Chong-taek

Minister of Environment

A graduate of the College of Law at Seoul National University in 1958, Chong began his public career at the Ministry of Home Affairs and became a secretary to then-President Pak Chong-hui in 1971.

Chong, 60, also served as governor of North Chung-chong Province and minister of agriculture and fisheries in 1976-1980.

In 1981, he entered the 11th National Assembly as a ruling party lawmaker and was also named first state minister for political affairs. He was reelected to the National Assembly in 1985 and 1989.

In 1993, Chong was appointed a member of the Executive Council of the Democratic Liberal Party, the predecessor of the ruling New Korea Party.

Kim Yang-pae

Minister of Health and Welfare

Born in Koksong, South Cholla Province, in 1938, Kim started his public career at the North Cholla Provincial Office after passing the higher civil service examination in 1966.

Kim served as mayor of Kwangju during the Chon Tu-hwan government on two occasions — from 1981 to 1983 and from 1986 to 1988. Before his second mayoral stint, he was elected to the post of lawmaker on the now-defunct Democratic Justice Party's national representation ticket in 1985.

Under the Kim Yong-sam government, Kim, 57, served as senior presidential secretary for administrative affairs for about 10 months before he was named minister of agriculture, forestry and fisheries in late 1993.

He studied political science at Seoul National University.

Chu Kyong-sok

Minister of Construction & Transportation

Chu Kyong-sok, 60, has 30 years of public service behind him as a government tax official.

He first began his career at the former Ministry of Finance and leaves his post as the head of the Office of National Tax Administration (ONTA).

The Pusan-born Chu studied economics at Seoul's Songgyunkwan University. During his post at the ONTA, he has built a reputation for strong leadership

and an ability to induce close cooperation among those who work with him.

His appointment reportedly is based on the ministry's work of overseeing public construction projects, which necessitates cooperation among various governmental agencies.

Chu comes from a family of government workers. His late father was the governor of South Cholla Province. Chu is married and has four children.

Chu Ton-sik

First State Minister for Political Affairs

Chu had served as minister for culture and sports until he was named the first state minister for political affairs.

Born in South Chungchong Province, Chu, 58, started his public career as senior presidential secretary for political affairs when President Kim Yong-sam took office in early 1993.

Before joining the Kim administration, Chu had worked as a political reporter and editorial writer of the vernacular daily CHOSON ILBO.

Renowned for sharp analysis, the new first state minister for political affairs has personal ties with many ruling and opposition lawmakers.

Kim Kwang-il

Presidential Chief of Staff

Kim is a lawyer-turned politician, who was elected to the National Assembly in 1988 on the ticket of President Kim Yong-sam's opposition party.

When President Kim's opposition party merged with the ruling party led by former President No Tae-u in 1990, he disassociated himself from the merged party.

His estranged relations with President Kim improved when President Kim appointed him to the post of chairman of the government's committee created last year to resolve people's grievances.

A graduate of the law college of Seoul National University, Kim, 56, also served as a judge and a human rights lawyer in Pusan.

More Details on Appointees

SK2112041195 Seoul THE KOREA TIMES in English
21 Dec 95 p 2

["Brief Profiles of New Cabinet Members" — THE KOREA TIMES headline]

[FBIS Transcribed Text] Na Ung-pae

Finance-Economy Minister

Na Ung-pae, 61, had a colorful career as a banker, businessman professor, and lawmaker before being tapped as finance minister in 1982, trade-industry minister in 1986 and economic planning minister in 1988.

It is the third time that he has had deputy premier status, including the national unification minister position he held before the Dec. 20 Cabinet shuffle.

The Seoul National University graduate in 1957 received an MBA from Stanford in 1965 and a Ph.D in business administration at the University of California, Berkeley.

Kwon O-ki

National Unification Minister

Kwon is a seasoned journalist regarded as one of the key figures in the "TK" political power house.

Kwon, 63, started his journalism career in 1956 at the KYONGHYANG SINMUN, a vernacular daily, and then moved to the TONG-A LLBO in 1959, where he served as a correspondent to Japan and the United States, editorial writer, managing editor, and most recently, president. He has a wide friendship with foreign journalists through his activities at such international press organizations as the International Press Institute and the Press Foundation of Asia.

Born in Andong, Kyongsangpuk-to, he graduated from Kyongbuk High School and the College of Law at Seoul National University.

Kim U-sok

Home Minister

New Home Minister Kim U-sok, 59, is one of [the] closest aides to President Kim Yong-sam. Minutes before the new Cabinet and presidential secretarial lineup was announced, he was a strong candidate for chief presidential secretary.

He graduated from Tong-a University in Pusan and had worked as a reporter for the Pusan MBC [Munhwa Broadcasting Corporation] in the late 1960s.

He had served as a special assistant for Kim Yong-sam when he was an opposition leader in 1987. Under Kim's government, he served as construction minister. He was also elected to the National Assembly in Songpa, Seoul in 1988.

An Pyong-yong**Education Minister**

New Education Minister An, 54, is a scholar and professor who taught public administration at Yonsei University before being tapped to the Cabinet post succeeding fellow Yonsei Professor Pak Yong-sik.

While teaching at the school, An often contributed columns to newspapers on social problems and scholarly solutions to them.

An stated after he was tapped for the Cabinet, "I hope to contribute to the correcting of the structural problems in our education system." An is married with two children.

Yi Sok-chae**Communication Minister**

New information and communication minister, Yi Sok-chae, 50, is an elite economic bureaucrat who started his career on the Economic Planning Board, which was merged with the Finance Ministry into the new Ministry of Finance and Economy Jan. 1 this year.

As a graduate of the College of Commerce, Seoul National University, he served as vice chief of the task force for the regionally balanced development at the Presidential Office before being appointed assistant economic planning minister for national budget planning.

He has also served as vice agriculture, forestry and fisheries minister before becoming the vice finance and economy minister.

Chu Kyong-sok**Construction-Transportation Minister**

Chu, 60, is a career tax administrator. Chu started as a low-ranking tax official at the Finance Ministry in 1959 and reached the top of his field in 1991 when he was appointed head of the Office of National Tax Administration [ONTA].

Chu served as ONTA head for four years, the third longest period the post has been held. Since he has the full trust of President Kim Yong-sam, Chu has often been expected to be tapped as minister in cabinet reshuffles.

As tax administrator, Chu is credited with cracking down on no-record transactions and establishing a voluntary tax report system. He graduated from Songgyungwan University, and is married with four children.

Kang Un-tae**Minister of Agriculture**

The new minister of agriculture, forestry and fisheries, Kang Un-tae, 47, was born in Hwasun in Chollanam-to and graduated from Seoul National University in 1972.

Kang began his duty as a public servant at the Chollanam-to office before serving as mayor of Suncheon City and a ranking official at the Home Affairs Ministry and the Presidential Office, Chongwadae.

He served as mayor of Kwangju City from Sept. 24 1994 to July 1 1995. While in office, he contributed to the hosting of the Kwangju Biennale.

Kim Yang-bae**Health-Welfare Minister**

Kim, 57, has made a comeback to the cabinet after being replaced as minister of agriculture, forestry and fisheries last April amid the political storm aroused by the Uruguay Round negotiations.

Kim served in his previous ministerial post for only three months, one of the shortest terms. He also served as Kwangju mayor for the three years from 1986, strengthening ties with local dissident groups and actively supporting those who were victimized by the military crackdown there in 1980.

Kim, with one term in the National Assembly under his belt, is equally experienced both politically and bureaucratically. He is married with two children.

Chong Chong-taek**Environment Minister**

New Environment Minister Chong Chong-taek, 60, has extensive experience both as politician and bureaucrat, serving three terms in the National Assembly and in the posts of minister of agriculture forestry and fisheries, and state minister.

Chong started his career at the Home Ministry and served as presidential secretary under late president Pak Chong-hui. His knack for administrative management has kept him on the political scene under Pak's successors.

From Chungchongpuk-to, he has served as governor of his home province and is married with five children.

Kim Yong-su

Culture-Sports Minister

The new Culture-Sports Minister Kim Yong-su, 53, was senior presidential secretary for political affairs.

Born in Incheon, Kim graduated from Seoul National University Law College. He served as a senior prosecutor at the Seoul District Prosecutors Office.

Kim is known as a fervent champion of the development of youth culture. He recently authored a book on reformative changes of the nation on global viewpoints.

Chu Ton-sik

First State Minister

Chu is an ex-journalist who has been a close aide to President Kim Yong-sam since his inauguration in 1993.

Chu, 58, has served as senior presidential secretary for political and public affairs and minister of culture and sports.

After graduating from Seoul National University in 1965, he joined the CHOSON ILBO where he worked mostly at the political desk and was a well-known columnist.

Regionalism, Reform Play Role

SK2112043595 Seoul THE KOREA TIMES in English
21 Dec 95 p 2

[FBIS Transcribed Text] President Kim Yong-sam conducted a large-scale reshuffle in the Cabinet and the Chongwadae Secretariat in an effort to carry out his new policy goal of righting the wrongs of history without a hitch.

Explaining the background of the reshuffle, Presidential Spokesman Yun Yo-chun said President Kim appointed "fresh reformist figures with expertise" to give new momentum to his reform drive and globalization campaign in the latter half of his five-year term.

Yun said that expertise and administrative skills were important criteria in selecting new ministers and senior presidential secretaries.

"President Kim hopes that the new Cabinet will be instrumental in pushing the nation to the ranks of first-rate countries in the world by resolving the current national problems through bold reforms and by uniting the people of all regions," Yun said.

President Kim's ardent wish for a generational change in politics, the administration and society as a whole was clearly manifested by the Cabinet and Presidential Office reshuffle yesterday.

Most of the Cabinet ministers and senior secretaries are in their early 50s, an appropriate match with new Prime Minister Yi Su-song, now 56.

The age is not the only decisive factor in the reshuffle. Kim placed more weight on the will for reform and the proven records of new ministers and secretaries in the reshuffle.

Two university professors who used to advise Kim through informal channels entered the Cabinet and Chongwadae. They are Prof. An Pyong-yong of Yonsei University, who was named education minister, and Prof. Yi Kak-pom of Seoul National University, who succeeded Pak Se-il also a former professor at the SNU Law College who was appointed senior presidential secretary for social welfare.

Pak will be in charge of education, environment and labor affairs. Thus far, environment and labor affairs were managed by the senior economic secretary.

"Due to the heavy burden of the economic secretary's work, environment and labor affairs were transferred to the new secretary's office," Presidential Spokesman Yun said.

President Kim apparently tried to soothe the growing antipathy toward him and his administration from the Taegu and Kyongsangbuk-to (T-K) region by appointing as many figures from the region as Cabinet members and senior secretaries as possible.

New Premier Yi is from Chilgok, Kyongsangbuk-to, and both new Deputy Premier-Unification Minister Kwon O-ki and Senior Public Administration Secretary Sim U-yong are from Andong, the same province.

Kim also paid attention to striking a regional balance between Kyongsang and Cholla provinces in the reshuffle by appointing Kang Un-tae, former Kwangju mayor, as agricultural minister, and former Agriculture Minister Kim Yang-pae, from Koksong, Chollanam-to, as health-welfare minister.

Yesterday's reshuffle was obviously affected by President Kim's masterplan for next April's general elections.

Among the ministers and secretaries who were relieved of their posts to run for National Assembly seats were Deputy Premier-Finance-Economy Minister Hong Chae-hyong, Presidential Chief of Staff Han Sung-su, Home Minister Kim Yong-tae, Agriculture Minister Choe In-ki, Environment Minister Kim Chung-hwi, Health-Welfare Minister Yi Sung-ho, First State Minister for Political Affairs Kim Yong-ku, Senior Presidential Economic Secretary Han I-hon and Senior Secretary for General Affairs Hong In-kil.

Hong Chae-hyong and Han Sung-su were given a special mission by President Kim to take the lead in drumming up support for the ruling party in Chungchongpuk-to and Kangwon-to, respectively. The ruling party suffered devastating setbacks in the regions in the local elections last June due to the rising popularity of Kim Chong-pil's United Liberal Democrats.

President Kim hopes that the ex-ministers will take footholds in inhospitable provinces, fully utilizing their names and experience in the next general elections.

In yesterday's reshuffle, Kim tried to exclude former deputies of ex-presidents Chon Tu-hwan and No Tae-u as much as possible. Deputy Premier Na Ung-pae, Construction-Transportation Minister Chu Kyong-sok and Environment Minister Chong were the only figures who served in the Fifth and Sixth Republic.

Kim also introduced many technocrats, including Information-Communications Minister Yi Sok-chae, Health-Welfare Minister Kim Yang-pae and Senior Presidential Economic Secretary Ku Pon-yong, into his new Cabinet and Chongwadae Secretariat.

Chon Tu-hwan Moved to National Police Hospital

*SK2112020295 Seoul YONHAP in English
0019 GMT 21 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 21 (YONHAP) — Incarcerated former President Chon Tu-hwan was taken to the National Police Hospital in southern Seoul late Wednesday night, due to health concerns related to his 18-day fast.

Chon was taken by ambulance from Anyang Prison south of Seoul at 11:34 pm Wednesday night, and arrived at the National Police Hospital in Karak-tong, Sonpa-ku, Seoul, at about 10 am Thursday morning.

He will be held in a private room until his health improves.

Choe Hwan, head of the Seoul District Prosecutor's Office, said Wednesday, "Chon's move to a hospital is merely a temporary change in location arising from health concerns, and does not imply an early release."

Chon said that his investigation agenda includes bedside questioning scheduled according to Chon's health.

"In spite of Chon's hospital stay, the prosecution plans to indict him on insurrection charges Thursday at about 2 P.M.," Choe added.

Chon Shows Symptoms of Dehydration, Malnutrition

*SK2112020795 Seoul YONHAP in English
0035 GMT 21 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 21 (YONHAP) — Former president Chon Tu-hwan was hospitalized late Wednesday night due to symptoms of dehydration and malnutrition, the National Police Hospital said Thursday.

"He is, however, not in a serious condition," a doctor at the hospital said.

The hospital first plans to feed Chon intravenously to improve his physical condition.

"Although he has fasted for 18 days while in the prison, his health is not as bad as we expected," the doctor said.

The hospital has assigned Chon's case to seven doctors.

Chon was arrested Dec. 3 and will be indicted Thursday on various charges including insurrection.

Significance of No Tae-u's Trial Assessed

*SK1812131395 Seoul MUNHWA ILBO in Korean
18 Dec 95 p 3*

[Editorial: "The Historical Significance of No Tae-u's Trial"]

[FBIS Summary] "No Tae-u's trial is a trial of the era." The trial is not only to accuse No and the corruption of the Sixth Republic, but also to liquidate the era of political soldiers that dates back to the 15 May coup in 1961.

"The trial also reflects the demand of the new era for an end to the regretful collusion between the political and economic powers, as represented by No and the 15 defendants."

The prosecution should be ashamed of the belated indictment of the publicly known corruption. The prosecution should regain the people's trust by thoroughly verifying the truth. The judiciary should realize the people's wish for the revival of the judiciary's authority that had been infringed upon.

"Above all, the political circles should not exercise influence during the entire process of the trial. Politicians should remember that the trial of the politician No is a trial of the corrupt political circles." The Kim Yong-sam regime has made a difficult choice to establish itself as the civilian government by putting No to trial. Considering the Kim Yong-sam regime's connection with No and suspicions about the presidential election funds, the

ROK people will not allow any political influence to hinder judicial justice.

"We are confronted with a test that will decide whether our society will be an advanced society ruled by law and justice."

Samsung Investigated for Alleged Bribes to No
SK1912042595 Seoul YONHAP in English
0154 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — Samsung Aerospace Industries Ltd. (SAI) is being investigated on whether it gave any bribes to former President No Tae-u in connection with the Korea Fighter Program (KFP), a senior prosecutor said Tuesday.

An Kang-min, chief of the Central Investigation Department of the Supreme Public Prosecutor's Office, said that his department is closely studying documents from SAI, which was the licensed producer of the Air Force next generation fighter plane.

He said, "We have received various documents from Samsung — the documents Samsung itself made or submitted to the government when the fighter plane model was changed from F-18s to F-16s — and we are very closely studying them."

Seoul had pushed to change the Air Force's major fighter plane model in one of the Yulgok military buildup programs during the Sixth Republic, and SAI is suspected of having given No kickbacks in relation to the KFP project.

The Samsung Business Group as a whole gave No a total of 25 billion won (about 32.4 million U.S. dollars) while he was serving as president, according to the prosecution.

Meanwhile, after studying U.S. Federal Prosecution records, the prosecution confirmed that the 200,000 dollars No's daughter So-yong and her husband had smuggled into the United States had not been withdrawn from the Union Bank of Switzerland but from another Swiss bank.

The prosecution plans to ask Swiss authorities to confirm if No has accounts in any Swiss banks.

Dailies on Ex-President No Tae-u's Public Trial
SK2112084395

[FBIS Editorial Report] Local vernacular dailies on 19 December carry editorials commenting on former ROK president No Tae-u's first round of public trial on corruption charges, which was held in Seoul on 18 December.

The moderate HANGUK ILBO carries on page 3 an 800-word editorial entitled "Ex-President's First Round of Trial." The editorial notes No Tae-u's first round of public trial on 18 December, and observes, "Mr. No's public trial is significant because it represents the people's pledge to throw out forever the usurpation of power and the irregularities of the political circles, which have been repeated since the nation was liberated." The editorial then hopes No's trial will bring about a turning point for the establishment of an order that all are equal before the law, and stresses, "The trial should delve into the charged crime and pass a precise judgment without political consideration."

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial entitled "Mr. No, You Should Testify the Truth at Court." The editorial notes, "The work of rectifying the distorted past has begun in a full fledged manner. This will lead to the trial of former President Chon Tu-hwan of the Fifth Republic and other key members of the military who destroyed the constitutional government and took power in 1980 without hesitating to commit antihumanistic acts." The editorial then observes, "It is a national shame and misfortune to make a former president stand trial while the world is watching, but we must bear this pain in order not to repeat this shameful past in the future." The editorial stresses that the trial should reveal the historical truth clearly, and urges No Tae-u to reveal the whole truth, particularly as to how he spent the slush fund, including how much money he provided for the presidential election and politicians.

The moderate TONG-A ILBO carries on page 3 an 800-word editorial entitled "Former President Standing Trial." The editorial stresses No Tae-u's trial is unavoidable to rectify the wrong past, and observes, "Placing Mr. No in the defendant's seat is of historic significance in three points. First, we are passing a judgment on the president, whom we ourselves elected through a direct election, for abusing his authority, receiving bribes greedily, and mismanaging the state affairs. Second, we are clarifying the corruption of the Sixth Republic regime by placing No and his aides who acted as servants for his graft on trial. Third, we are cutting off the chain of collusion between industrialists and politicians by placing the heads of ROK's major business groups on trial together with Mr. No." The editorial then stresses, "To rectify the wrongs of the past, it is essential to clarify the truth thoroughly and to punish the defendants impartially."

The moderate CHUNGANG ILBO carries on page 4 an 800-word editorial entitled "Ex-President Standing Trial." The editorial notes, "The miserable appearance of defendant No, who entered the court in prison uniform

hiding his hands with sleeves, reminded us once again of the simple truth that all are equal before the law," and observes, "however, there is no alternative but to take a series of judiciary action against defendant No, who stacked away enormous amount of slush fund and angered, betrayed, and frustrated the people." The editorial then urges the court to delve into the case thoroughly to reveal all the truth to the people.

The pro-government SEOUL SINMUN carries on page 3 an 800-word editorial entitled "The Historical Significance of An Ex-President's Trial." Noting the sad scene of defendant No Tae-u standing trial, the editorial says, "We are sad but are not unfortunate, for history has begun marking an era in which we do not live a life burying what is unjust and walking backward." The editorial praises the government for implementing the real name financial transaction system, which made it possible to locate the slush fund worth hundreds of billions of won, and notes, "The nation is fortunate because it has succeeded in establishing a civilian government which is completely legitimate, advanced reform, and initiated the work of rectifying the distorted history."

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word editorial entitled "The 'Road' of Mr. No Tae-u Who Stands Trial." The editorial notes, "The court trial, which will deal with the violation of the positive law by Mr. No and the heads of business conglomerates, is a 'historic' trial which initiates the work of rectifying the wrongs of the past. The conviction of those who committed the crime of seizing power through coup d'etat and tore the public order of the country to pieces, even committing the power-supported corruption called the chain of collusion between industrialists and politicians, should not end with the criminal punishment of those who committed the crime according to the positive law. It should be a stern condemnation of the historic crime which distorted the development of politics and the economy, drove the values and the public order of society into confusion." The editorial concludes by urging No Tae-u to voluntarily testify the entire truth without trying to escape punishment.

Kim Tae-chung on Demand for Special Prosecutor
SK1912123095 Seoul YONHAP in English
1101 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — Kim Tae-chung, president of the opposition National Congress for New Politics (NCNP), on Tuesday renewed his demand for the introduction of a special investigator system in the on-going investigation of the Dec. 12 and Aug. 18 incidents.

The demand came despite the decision earlier in the day among the four political parties including his NCNP to shelve the issue of a special prosecutor system.

"Since the public prosecution is a political tool lacking any independence and impartiality, there should be a special prosecutor for the genuine resolution of the May 18 incident," Kim said in a speech at the inaugural meeting of the NCNP Kunpo, Kyonggi Province chapter.

He said that Chon Tu-hwan and No Tae-u should be rigidly punished at the court for mercilessly "massacring innocent Kwangju citizens" and illegally amassing hundreds of billion won.

Kim Tae-chung has been urging that Chon, No and others responsible for the brutal suppression of demonstrators in Kwangju should be brought to justice and then be pardoned in a presidential mercy.

Regarding the reported plan of the law enforcement authorities to launch probe into possible bribery involving politicians, Kim said "if one tries to look into some others' wrongdoings, he himself should be cleared of suspicion first."

"In this context, President Kim Yong-sam should either disclose the money he received from No Tae-u in the previous presidential election or things should be straightened up through a public hearing at the National Assembly," Kim said.

Three 'Implicated' in Kwangju Massacre Summoned

SK2012082695 Seoul YONHAP in English
0738 GMT 20 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 20 (YONHAP) — The questioning of those summoned to testify about their involvement in the Kwangju massacre was expedited Wednesday, when the May 18 special law formally took effect.

The prosecution called three people implicated in the incident in for questioning Wednesday morning — Chon Chu-sik, then commanding general of the 30th Army Division, then Air Force Chief of Staff Yun Cha-chung, and then Chief of Naval Operations Kim Chong-kon.

Within the next few days the prosecution also plans to question such core members of the Kwangju incident as Rep. Chong Ho-yong, then commander of the special Warfare Command, Chong Ung, then commander of the 30th Army Division, and So Chun-yol, then commander of the Combat Army Training Command.

The three people summoned Wednesday morning were said to have been interrogated about the circumstances under which the military junta forcibly prevented the National Assembly from convening a special session on May 20, two days after the bloody crackdown on pro-democracy demonstrations in Kwangju began, and how some lawmakers were assaulted by soldiers at that time.

They were also questioned about the circumstances leading up to and surrounding the military extension of martial law, which at that time was only in effect in the capital and adjacent areas, to include the entire country on the evening of May 17, 1980, at a meeting of major commanders of the Armed Forces, according to prosecution sources.

More than 20 others will be subject to prosecution inquiries regarding their roles in the Kwangju massacre, including Choe Ung, then commander of the 11th Airborne Brigade, and Sin U-sik, then commander of the 7th Airborne Brigade, both of whom took part in the bloody suppression of the Kwangju uprising.

Three former core members of the Defense Security Command, who have already been queried by the prosecution on their roles in the Dec. 12 military coup in 1979 — Rep. Ho Hwa-pyong, then Chief Secretary to Defense Security Commander Maj. Gen. Chon Tu-hwan, then personnel officer Rep. Ho Sam-su, and then first investigation bureau head Yi Hak-pong — are expected to eventually be called in for questioning.

Dailies Comment on Passage of 18 May Special Law SK2112143395

[FBIS Editorial Report] The following is a compilation of editorials from the Korean vernacular dailies on the 18 May Special Law that was enacted and passed at the National Assembly on 19 May.

TONG-A ILBO on 20 December carries on page 3 an 800-word editorial entitled "The 18 May Special Law's Historical Meaning." Welcoming the passage of the 18 May Special Law, the editorial describes the many twists and turns it had experienced before being enacted. The editorial says: "The enactment and passage of the special law is of historical significance because the law declares that even a military coup that succeeded can be punished in the future."

The editorial notes the passage of the special law has made it possible to punish not only former two presidents, Chon Tu-hwan and No Tae-u, but also those involved in the 12 December military insurrection and the 18 May military coup. Noting the expected contributions of the special law to uncovering the truth

of the 18 May Kwangju uprising and to recovering the honor of the victims of that uprising, the editorial concludes by stressing the need for judicial authorities to "thoroughly but fairly" implement the law within the historic task of correcting the tragic history.

CHUNGANG ILBO on 20 December carries on page 4 a 700-word editorial entitled "What We Should Keep in Mind in Implementing the Special Law." Describing in detail the contents and characteristics of the special law, the editorial emphasizes that "the enactment of the law is of historical significance" and that "we anticipate the newly-enacted law's expected contribution to thoroughly punishing those involved in the 18 May military coup and recovering the honor of the victims."

Noting the theory raised by some law circles that "the special law is against the Constitution," the editorial replies "this theory will become a point of contention in the future," and therefore, the law should be fairly implemented. The editorial concludes by hoping the wounds inflicted during the 18 May Kwangju uprising will be completely healed through the special law.

KYONGHYANG SINMUN on 20 December carries on page 3 a 700-word editorial entitled "The 18 May Special Law's Passage in the National Assembly." The editorial says the passage of the special law is welcome, the "result of sincere joint ruling-opposition efforts for the nation." Highly assessing the cooperation of the opposition—the National Congress for New Politics and Democratic Party—in passing the special law at the National Assembly, the editorial says this law's expected contribution to curing the pains of the victims of the Kwangju uprising will be great.

The editorial concludes: "In a nutshell, the enactment of the special law was possible because of our people's desire and consensus to correct the distorted history of our constitutional government and to recover the honor and pride of our people who were victimized during our distorted history of constitutional government."

HANGYORE SINMUN on 20 December carries on page 3 an 800-word editorial entitled "The 18 May Special Law Is Our People's Victory." The editorial declares the enactment of the 18 May Special Law is "indeed valuable," stressing: "The main point of the special law is to 'punish' those who killed the Kwangju uprisers in May 1980 and to recover the honor of the victims of the Kwangju uprising."

The editorial notes the special law "will contribute not only to recovering the honor of the Kwangju victims, but will completely block the extreme rightist forces who

allege the law is against the Constitution, preventing possible military coups in the future."

The editorial calls for introducing a special prosecution system to correct the distorted history, saying: "Many lawyers are stressing the need to introduce the system."

The editorial concludes: "The enactment of the 18 May Special Law is precisely the people's victory."

SEOUL SINMUN on 21 December carries on page 3 a 700-word editorial entitled "The Significant 18 May Special Law." The editorial welcomes the enactment of the special law, stressing: "The passage of the 18 May Special Law has made it possible for the prosecution to actively uncover the truth about the 12 December military insurrection, the 17 May incident, and the 18 May Kwangju genocide incident, and to investigate in earnest those involved in these incidents with the support of law."

The editorial concludes by saying now that legal support in the form of the 18 May Special Law has been provided, the prosecution should thoroughly uncover the truth of the abovementioned incidents so the special law can prove its worth.

Officials Say Clean Government Goal Attained

SK1712064095 Seoul YONHAP in English
0630 GMT 17 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 17 (YONHAP) — More than eight of every 10 higher-level government officials think the Kim Yong-sam government has more or less attained its goal of realizing a clean government, according to a recent survey.

The poll of 418 bureau chief-level and higher officials of the central and local governments, conducted by Korea Survey Poll (Gallup) from Nov. 27 to Dec. 7 at the request of the Information Ministry, revealed that 86 percent of the respondents said they think the clean-government objective has been "much" or "considerably" accomplished.

While 98 percent of the officials questioned took pride in their status as civil servant, 67 percent were negative to the criticism of government officials for being easygoing and irresponsible.

Asked about the pressure from the higher-level or the outside, 61 percent said it has been reduced from the days of the Fifth and Sixth Republics and 33 percent saw it the same as or increasing from the previous two republics. But 94.5 percent said the present government is much or considerably cleaner than the two previous governments.

As for the approval and licensing procedures, 79 percent said the procedures have become more transparent and fairer than in the previous governments.

Asked if they had received "an encouragement money" from the higher-up, only 6 percent said "yes," while 40 percent replied they had received such money in the Fifth and Sixth Republics.

As for "the unofficial income for maintaining their dignity as public servant," 81 percent said such income has decreased from the days of the previous two governments.

And 81 percent approved of the public officials' property registration and disclosure system, saying it has helped them increase their moral sense as civil servant.

Anticorruption Civic Organization Inaugurated

SK1612064995 Seoul YONHAP in English
0542 GMT 16 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP) — A non-governmental movement to fight injustices and corruption was formally launched Saturday in a rally of sympathizers held at the Sejong Cultural Center in downtown Seoul.

Some 500 founding members of the "Puchuryon" or the Citizens' Alliance for Fighting Injustices and Corruption vowed to initiate a pan-national campaign to build a new society free from injustices and corruption.

The 42-member Executive Committee, co-chaired by Han Wan-sang, former deputy prime minister and unification minister, and Yi Sae-chung, former chairman of the Korea Bar Association, includes lawyer Hong Chun-pyo, Catholic Priest Kim Sung-hun, Seoul National University Professor Choe Chong-un and former commissioner of the Board of Audit and Inspection Yi Mun-ok.

In its inaugural declaration, the Puchuryon said, "We are participating in a historic mission of eradicating injustices and corruption in compliance with the noble spirit of the April 19 revolution and the May 18 Kwangju popular uprising which pulled down crooked political powers."

Citizens were urged to actively participate in the anti-corruption campaign of the newly launched body, which said its operation will rely only on membership fees.

It plans to secure more than 1 million members from various walks of life across the nation, including 3,000 professors.

National Assembly Ends Regular Session 19 Dec
SK1912130195 Seoul YONHAP in English
1250 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — The National Assembly ended its 100-day regular session Tuesday evening after acting on the controversial special law on the May 18 incident and several other political law bills.

The bill of a special law on May 18 democratization movement was adopted after it was proposed jointly earlier in the day by three parties — New Korea Party, National Congress for New Politics [NCNP] and the Democratic Party [DP].

Of the 247 legislators present, 225 voted for it and 20 against with two abstaining.

The legislators also unanimously passed a special law calling for the perpetual elimination of any statute of limitation for those involved in rebellion or enemy-benefiting acts.

The splinter opposition United Liberal Democrats opposed the legislation of the special [law] on the May 18 incident on the ground that it runs counter to the Constitution, but voted for the law on the statute of limitation.

The passage of the special [law] on the May 18 incident sets the stage for the punishment of former Presidents Chon Tu-hwan and No Tae-u and their colleagues accused of having seized power through the December 12, 1979 coup and the 1980 Kwangju incident.

The final-day session of the National Assembly also decided to retract all the military medals presented to military officers and men for "distinguishing themselves in quelling Kwangju uprising."

Meanwhile, the NCNP and DP decided to continue pressing for the introduction of a special prosecutor system for shedding light on the funds used in the previous presidential election and on the illegal fortunes created by those in power in the past.

NKP Party Leader on Constitutional Revision
SK1912074095 Seoul YONHAP in English
0646 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — Rep. Kim Yun-hwan, chairman of the ruling New Korea Party (NKP), has said that there is a "high probability" of political reorganization in the wake of next April's general elections and subsequent discussions of constitutional revision will be possible in the regular parliamentary session next fall.

In an interview with the magazine the monthly CHOSON in its Dec. 18 edition, Kim said, "discussions of constitutional amendments for a parliamentary cabinet system or the presidential re-election system will be possible in the regular National Assembly session starting next autumn."

The present single-term presidential system has such defects as that state affairs are pushed the way a single person wants and that a president leaves his office without assuming responsibility since his or her term is short, Kim noted.

"Unlike the single-term presidency, the four-year-term, re-election presidential system (coupled with a vice presidential system) will provide an opportunity for the sharing of political powers," he said.

"If we are to maintain the presidential system," he continued, "we should work out supplementary institutional measures to reduce such power concentration on a single person."

He noted the high probability of political revamping if opposition parties overwhelm the ruling party in the forthcoming parliamentary elections.

"Then I myself will be able to play a leading role at that time," he said.

Election Committee's Bill on Funding Viewed
SK1912235295 Seoul CHOSON ILBO in Korean
19 Dec 95 p 3

[Editorial: "The Fast-Fading Issue of Reforming Political Funding"]

[FBIS Summary] The four ruling and opposition parties have jointly opposed the Central Election Management Committee's [CEMC] political bill that makes it possible for us to be clearly aware of the flow of political funding. Such behavior shows the level of consciousness of our political circles. The CEMC bill, which intends to disclose the details on political funding and strengthen punishment of violators of the election law, specifies that political funding can be provided only through bank accounts so the people can be aware of the details.

The opposition parties are opposed to this bill, saying: "Who will provide political funding to us if we disclose a list of providers." We believe, however, that it is desirable for the opposition parties to make efforts to operate their parties without spending a lot of money, establishing a fair election system. Also, the ruling party is believed to oppose this bill because if the political parties revise the election law, they will simply receive political funding illegally.

Regarding the strengthening of sanctions against violators, the ruling and opposition parties have unanimously said that violators should be punished under the present election law, noting the severity of the CEMC's bill, which specifies that if a candidate is fined more than one million won for violating the political fund law, his election can be regarded as void.

On the occasion of the secret fund scandal, however, the people want a systematic mechanism established so the details of political funding can be clearly disclosed. Therefore, the ruling and opposition parties should actively participate in enacting the bill from a national point of view, fully thinking of essential reform of the system.

Civil Servants Get 9 Percent Pay Raise on 1 Jan

SK1912044395 Seoul YONHAP in English
0150 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 19 (YONHAP) — Paychecks of civil servants will swell 9 percent based on a total remuneration basis beginning Jan. 1.

Under a pay raise plan next year which the State Council passed at a meeting new Prime Minister Yi Su-song presided over Tuesday, civil servants' basic monthly salaries will rise by an average 5 percent in 1996.

New fringe benefits will be given and existing ones will be increased for improved treatment of public servants: A new holiday bonus amounting to 50 percent of the basic monthly salary will be paid on Chusok (harvest festival on the 15th day of the eighth month in the lunar calendar) and on Lunar New Year's day: New work-incentive and transportation allowances ranging from 50,000 won to 150,000 won depending on job grades will be given every month: And existing job-grade allowances will be raised from the current 70,000-400,000 won to 90,000-600,000 won per month.

In addition, monthly technical job allowances payable to those who hold government certificates of skill will be raised by 20,000- 50,000 won to encourage them to improve their occupational specialty.

Travel expenses will be raised by 53 percent, and relocation expenses payable to those transferring to other areas will be also raised to cover actual related expenses.

Under the pay raise plan, the basic monthly salaries of the president, the prime minister, the two deputy prime ministers and cabinet members will rise to 3.84 million won, 3.07 million won, 2.32 million won and 2.14 million won, respectively.

The highest-ranking career public servants in their respective departments, including police, will be paid a basic monthly salary of 1.83 million won, while four-star officers of the Armed Forces will earn 2.14 million won.

The highest-ranking teachers of primary and secondary public schools will receive a basic salary of 1.42 million won per month.

Increase in Advance Payments to Small Firms Plan

SK2012023195 Seoul YONHAP in English
0555 GMT 13 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 13 (YONHAP) — The government has decided to make an advance payment of up to 70 percent of the balance of purchase orders by small businesses starting next year.

The Supply Administration (SA) announced Wednesday that such a move has been made to help small companies, which are suffering from fund shortages.

Accordingly, an SA official explained, when the administration makes contracts with small businesses, it will pay for 70 percent of contract amounts at the stated maximum in advance, if asked from small companies, irrespective of the amount involved.

The source said that the 70-percent advance payment is the largest amount under which related laws currently allow. [sentence as received]

Until now, the government agency had made compulsory advance payments of up to 20 percent for contracts over 1 billion won, up to 30 percent for ones under 1 billion won, and up to 50 percent for those under 300 million won, the source noted.

Meanwhile, the total amount of the Supply Administration's overall purchases this year are estimated at 3.7 trillion won, with the amount of goods from small firms set to reach 2.5 trillion won or 68 percent of the total, the source added.

Burma

National Convention Session Continues 20 Dec

BK2012165895 Rangoon Radio Myanmar in Burmese 1330 GMT 20 Dec 95

[FBIS Translated Text] The plenary session of the National Convention continued at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon].

The plenary session was attended by 511 out of 590 delegates eligible to attend the convention.

At the plenary session, U Hla Maung, elected independent representative from Kya-in Seikkyi Township Constituency 1 in Karen State representing the representatives-elect delegates group, read and presented his proposal to prescribe the detailed basic principles to organize the chapter on the judiciary that will be included in the formulation of the state constitution. U Aung Thein, a delegate, representing the representatives-elect delegates group, read and presented the proposals of Dr. Hmu Tang, elected independent representative from Thangtlang Township Constituency in Chin State; U Tun Kyaw, elected independent representative from Namhsan Township Constituency in Shan State; and U Aung Thein, elected representative from Ywangan Township Constituency in Shan State. U Htaung Kho Htan, elected independent representative from Tamu Township Constituency in Sagaing Division representing the representatives-elect delegates group, read and presented Part 1 and Part 2 of his proposal. U Ba Than, a delegate, read and presented Part 1 of the collective proposal of the national races delegates group, while U Saw Khin Maung Gyi read and presented Part 2 of the collective proposal.

After the reading and presentation of the proposals, the alternate chairman informed the session that the Panel of Chairmen will have to inspect and scrutinize the proposals on detailed principles to serve as bases in the structure of chapters on the legislature, executive, and judiciary, and to present the findings at the plenary session of the National Convention. Then the alternate chairman announced that the plenary session of the National Convention will reconvene at 0900 on 8 January 1996. The plenary session ended at 1350.

Defense Services Urged To Remain 'Alert'

BK2112060895 Rangoon Radio Myanmar in Burmese 0130 GMT 21 Dec 95

[Editorial from the 21 December issue of MYANMAR ALIN: "Safeguard the Interest of the Entire Nation;

Remove those Who Mar and Disturb"; from the "Press Review" program]

[FBIS Translated Text] The chief of staff of the Army of the Ministry of Defense, Lieutenant General Tin U [also secretary-2 of the State Law and Order Restoration Council] held a meeting with officers and other ranks of the Army, the Air Force, and the Navy of the Defense Services in the hall of the Ministry of Defense on 18 December. Lt. Gen. Tin extensively explained the situation regarding the state responsibilities being borne by the Defense Services, the facts relating to the tasks of the members of the Defense Services, and the country's political, economic, and social conditions and judicial affairs.

Lt. Gen. Tin U explained that we are systematically marching toward the set goals and objectives. He said that while we are striving to develop the nation by implementing the set political, economic, and social objectives, efforts are being made for the emergence of a firm state constitution, which is indispensable for the nation. While such efforts are being made for national development on all fronts, we should be aware of the fabrications and instigations being made.

It is very important for members of the Defense Services to take heed of the speech and implement their tasks. The Defense Services — which were born out of the Burma Independence Army, BIA and formed to resist and fight the imperialists and, with the people, to resist the fascists — has become a people's army on which the nation relies. The Defense Services have discharged their assigned national duties during national emergencies while crushing internal insurgency and repulsing external aggression.

It is known to all how the Defense Services have had to shoulder their political, economic, social, and administrative duties in addition to their defense duties. The Defense Services are striving to maintain their noble traditions, while striving to develop into modern and strong Defense Services through four major undertakings for training, administration, welfare, and morale. Members of the Defense Services are to strive to perfect the 12 noble traditions and 10 strengths of the Defense Services. At the same time, they should constantly strive to sharpen their military, organizational, and administrative skills. Therefore, members of the Defense Services should remain especially alert in the area of security and resolutely take action against those who undermine, mar, and disturb national interests, and remove and annihilate these elements.

Brunei, Malaysia & Singapore**Malaysia****Jakarta-Canberra Security Accord Viewed**

*BK2012075295 Kuala Lumpur THE STAR in English
20 Dec 95*

[From the "Comment" column by V.K. Chin: "A New Beginning for Indonesia and Australia" — received via Internet]

[FBIS Transcribed Text] The region should welcome the security pact between Indonesia and Australia which was signed in Jakarta on Monday. Only those with the intention to dominate others should view it differently.

Times have changed and governments are more interested in signing agreements which will further enhance co-operation in all fields. The Jakarta-Canberra accord should bring the two countries closer together.

It is therefore a new beginning for the two governments which have been rather suspicious of each other's intentions for many years now.

According to information released, their officials have been working on it for the past year or so.

As it is a security arrangement, the signatories are supposed to come to each other's assistance should one party be attacked by a third country. The question which comes to mind of course is who is the enemy?

Such bilateral arrangement is not new. In fact in the original Asean comprising Indonesia, Malaysia, the Philippines, Singapore and Thailand, Jakarta is the only odd one out without any such understanding.

Malaysia and Singapore are tied up with the Five-Power Defence Arrangement which includes Britain, Australia and New Zealand. The Philippines and Thailand have similar arrangements with the United States.

So the neighbouring countries and the superpowers should have no qualms about accepting the new development. It is definitely a new step for Jakarta to take as the Suharto administration has always shied away from such close contact.

The Australians, in particular, are hoping that the new arrangement will put it in a more substantial footing with its closest large neighbour. Canberra has often felt that the Indonesians will pose the biggest threat to its security.

Bilateral relations have had its ups-and-downs in the past 20 years or so with things coming to a head with the killing of several Australian journalists covering the East Timor conflict.

Some Aussie groups believe that they were killed by Indonesian soldiers while Jakarta has always refuted this allegation though at the same time has refused to take further action to clear the air.

It is seen as another attempt by the Keating administration to get closer to Asean and to bolster its claim as an Asian entity. Its intentions are therefore not strictly security but political and economic as well.

Canberra wants to take a more active role in the region's development and it is still smarting from rebuffs in not being included in several regional activities such as participation in the East Asia Economic Caucus.

In Asean affairs, Indonesia naturally wields substantial clout and Australia no doubt hopes that Jakarta will give its application to become an Asian member a stronger push when the time comes.

Asean members are free to have such defence or security pacts on a bilateral, though not on a group, basis. Naturally only friends are supposed to have such an arrangement.

There is no danger of Indonesia and Australia and other countries in the region facing military aggression from any quarter for the time being. For the past three decades, Asean members have been too busy trying to develop their economies to give their people a better standard of living.

So long as they concentrate their energies and resources on such economic activities and develop together through co-operation and understanding, the region's future is bright and stability is assured.

Region's Need To Combat Nuclear Threat Noted

*BK2012071295 Kuala Lumpur THE STAR in English
20 Dec 95*

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Hanoi — The Yang di-Pertuan Agong [paramount ruler] Tuanku Ja'afar said last night that Malaysia, Vietnam and like-minded countries in the region should continue to oppose nuclear testing.

"Unabated nuclear testing in the South Pacific, despite strong condemnation from the international community, is a matter of serious concern to our (Malaysian) government.

"Malaysia regards this an important agenda for mankind," he said at a banquet hosted by President Le Duc Anh marking the highlight of the first day of Tuanku Ja'afar's five-day state visit to Vietnam.

He said Malaysia and Vietnam must take concerted action if the interest and well-being of the world were to be safeguarded.

The Raja Permaisuri Agong [paramount ruler's consort] Tuanku Najihah, Mrs. Anh, and Energy, Telecommunications and Post Minister Datuk Leo Moggie were present.

Moggie was the minister-in-attendance.

Tuanku Ja'afar expressed confidence that Vietnam could work with other Asean members to help uphold regional security and prosperity.

Vietnam, Asean's newest and only socialist member, joined the grouping in July.

At last Friday's Asean summit in Bangkok, Vietnam and other Asean countries and three non-Asean states — Cambodia, Laos and Myanmar [Burma] — signed the South-East Asia Nuclear Weapons Free Zone Treaty.

Tuanku Ja'afar is the first Asean head of state to visit Vietnam after the country's entry into the regional grouping.

Malaysia also looked forward to further liberalisation and development of the Vietnamese economy, said Tuanku Ja'afar.

As of October, Malaysia's investment in Vietnam amounted to US\$ 836 million (RM [Malaysian ringgit] 2 billion).

Singapore

President Ong Leaves for U.S. for Medical Tests

BK2012095795 Singapore THE SUNDAY TIMES
in English 17 Dec 95 p 1

[Unattributed report]

[FBIS Transcribed Text] PRESIDENT Ong Teng Cheong leaves today for the Stanford University Medical Centre in the United States for comparative post-treatment evaluation.

A statement from the Prime Minister's Office yesterday said tests involving the Magnetic Resonance Imaging (MRI) and Positron Emission Tomography (PET) scans will be repeated.

The PET scan, which measures the differential glucose metabolism of diseased and healthy cells, is not available in Singapore.

Earlier this month, President Ong completed a five-week radiotherapy treatment for his lymphoma.

He had begun the treatment early last month following a visit to the US for medical consultations after it was

discovered that the low-grade lymphoma between his brain and skull had recurred.

No treatment had been recommended for the cancer when it was first diagnosed in 1992, as it had been slow growing.

On his current trip, the President will be accompanied by the First Lady and his personal physician, Dr John Wong. He will return on Thursday.

During his absence, Mr Lim Kim San, chairman of the Council of Presidential Advisers, will be Acting President.

Implementation of ASEAN Summit Results Viewed

BK2012070995 Singapore BUSINESS TIMES
in English 20 Dec 95

[Editorial: "Asean Summit's Real Work Begins" — received via Internet]

[FBIS Transcribed Text] The real work of the fifth Asean summit is just beginning. Officials and ministers from the grouping have a busy work schedule in the months and years ahead to transform South-east Asia into a vibrant economic zone of more than 450 million people. Asean leaders envisage that by the year 2000, membership in Asean — which recently welcomed Vietnam as its seventh member — would have expanded to include Cambodia, Laos and Myanmar [Burma]. Cambodia and Laos already have observer status in Asean and would probably be members by 1997 while Myanmar's [Burma] turn could come by 2000. The major task would be how to integrate their economies, all in varying stages of market reform. The experience of Vietnam, now gingerly negotiating its way through Afta, the Asean Free Trade Area, will come in useful. There is already concern that Vietnam's still fragile market-based economy may slow down the rest of Asean. Still to be seen is how Hanoi and the other new members will adapt to Asean's corporate culture. So it is just as well that Myanmar's Foreign Minister Ohn Gyaw recognised the considerable adjustment ahead of Asean membership: "We have to liberalise our laws. We have to make arrangements for the expansion of our trade. There are many things, many considerations."

While Asean eschews interference in the domestic politics of member states, Myanmar should also, for its own good, reform its internal politics and sort out its constitutional arrangements. That way, the government can truly say it had the Myanmar people's support to once again become an active member of the regional and international community. Steps are already being taken to integrate these three economies — while still outside Asean — through the new Mekong Basin

development initiative. An area rich in natural resources, the Mekong Basin broadly covers Myanmar, Laos, Cambodia, Vietnam, Thailand and China's Yunnan province. It is a mark of Asean's own confidence and also its outward thrust that its leaders have come up with this initiative at the Bangkok summit. There is even a possibility that other Asian countries such as Japan and South Korea, with their technology and capital resources, could be involved in the Mekong Basin initiative.

From the Singapore perspective, investing in the development of the Mekong Basin would dovetail well with the government's policy of encouraging its bigger companies to invest in the region. And it would be even better if other companies from the region could pool resources and share the risks in the big infrastructural projects. In yet another initiative that underscores its outward approach, Asean expects to engage Japan and South Korea at next year's informal Asean summit in Indonesia, thus bringing forth a forum of East Asian nations.

It is good that Asean has been laying a web of linkages with other groupings such as Apec [Asia-Pacific Economic Cooperation], the Asean Regional Forum and next year's Asian-European Union meeting in Bangkok. Such overlapping ties will ensure that Asean forges ahead in a rapidly changing global environment.

Philippines

President Discusses Terrorist Threat

BK2112052295 Quezon City Radio Filipinas in English 0230 GMT 21 Dec 95

[Weekly news conference by Philippine President Fidel Ramos with foreign and domestic correspondents, moderated by Press Secretary Hector Villanueva, at Malacanang Presidential Palace in Manila on 20 December — recorded; broadcast in progress]

[FBIS Transcribed Excerpt] [passage omitted] [Ramos] I am happy to inform you that we have issued a pardon or other forms of executive clemency for some 188 of our prisoners and convicts, and this was upon the recommendation of the Board of Pardons and Paroles under the supervision of the secretary of justice, and these are the names. This does not include Julio Ita-as and Donato Continente, who were both convicted of the murder of U.S. Army Colonel Rowe, because they are in a different category.

[Villanueva] So, Ding, would you like to ask related questions?

[Ding] Good afternoon, sir.

[Ramos] Good afternoon.

[Ding] The militant Islamic groups are threatening to launch a jihad, or holy war, because of the arrest of a group of Pakistani nationals. Any reactions from this, sir?

[Ramos] The Armed Forces of the Philippines [AFP] and the Philippine National Police [PNP] are working jointly to prevent any such occurrence, but should it take place anywhere, they are fully prepared to counteract and eliminate such threats for the protection of the public.

I am meeting the highest officials of the DND [Department of National Defense], DILG [Department of Interior and Local Government], AFP, PNP, as well as the intelligence services plus the secretary of justice, NBI [National Bureau of Investigation] tomorrow noon at Camp Aguinaldo to further assess these threats and to improve and enhance our protective measures over the population and important government installations and even major private sector investments as may be necessary.

I also want to inform you that after the visit of the minister of interior of Pakistan who came (?through) here about 10 days ago, that I have instructed the DFA [Department of Foreign Affairs], secretary of interior and local government and secretary of justice to get together for the drafting of a proposed extradition treaty with Pakistan. There has been approval in principle already on this among the department heads concerned and their Pakistani counterparts, and we just want to refine the language so that it will cover all situations such as the one that we are now faced with.

[Ding] Thank you, sir. [passage omitted]

[Ramos] Here are some more announcements. Some of you were wondering about this while we were away — there is an appeal of Caltex from the decision of the Department of Energy [DOE], brought to the level of the Office of the President, in regard to its claim for reimbursement from the OPSF [Oil Price Stabilization Fund]. Well, we have upheld the action of the Department of Energy under Secretary Viray and denied the appeal of Caltex because we felt that the DOE position was well established in the law and in implementing rules and regulations and that the claim for reimbursement in the amount of some P [pesos] 108 million was the correct decision on the part of the DOE. And this is the entire report. [passage omitted]

Airport Security Strengthened Against Terrorism

*BK2112110695 Manila PHILIPPINE DAILY
INQUIRER in English 15 Dec 95 p 3*

[Report by Raymond Burgos]

[FBIS Transcribed Text] The Philippine National Police [PNP] yesterday announced the deployment of 52 PNP personnel to the airports nationwide in an effort to beef up its counterterrorism capability.

In addition, the PNP also fielded additional plainclothesmen to various areas in the metropolis as part of its intensified drive against organized crime groups in the National Capital Region.

In Camp Crame, Interior Secretary Rafael Alunan III, who wields administrative control over the PNP met with his Pakistani counterpart to discuss "ways and means to eliminate international terrorism, drug trafficking, and arms smuggling."

The 52 officers and men are part of the elite unit of the PNP Aviation Security Command [Ascom] who have just completed a counterterrorism course under a team of trainers from the Australian Special Air Service.

Senior Supt. Jose Lalisan, PNP Ascom director, said the 52 policemen will be fielded to the country's five international airports and 32 domestic terminals to augment the existing antiterrorist units detailed there.

Lalisan said those deployed were given specialization courses on antihijacking and bomb disposal. These include the counter hijack- sniper course, counter hijack-close quarter battle course, and improvised explosive device disposal course.

Camp Crame sources said the training of Ascom personnel in counterterrorism is part of the PNP's program to boost its capability in warding off threats from international terrorists and local Muslim extremists, particularly the extremist group Abu Sayyaf.

The PNP earlier recommended the allotment of P [pesos] 100 million for the establishment of a Philippine Counterterrorism Center and the creation of elite counterterrorist units equipped with modern weaponry and other state-of-the-art equipment.

The police force and the DILG [Department of Interior and Local Government] are also busy campaigning for the immediate passage into law of the proposed Antiterrorism Act of 1995.

Surveillance

PNP Director General Recaredo Sarmiento II said the main task of the plainclothesmen is to conduct round-the-clock surveillance of known lairs of criminals.

Earlier, Sarmiento ordered the deployment of three police companies comprising 200 officers and men to serve as augmentation force in Metro Manila.

The order came amid the new wave of violence unleashed by the Alex Boncayao Brigade, hit squad of the breakaway Manila-Rizal Regional Committee of the Communist Party.

"We will give our efforts to assure the safety of everybody," Sarmiento said in a press statement. But he also urged citizens to be more vigilant in reporting the movements of suspicious persons in their respective neighborhoods.

The PNP also released to the public a list of tips to thwart kidnapping. These include:

- Avoid establishing a pattern by using different vehicles and/or taking different routes, leaving/arriving at different times; hearing mass at different churches; etc.
- When one's car is blocked or bumped intentionally, do not alight and be ready to speed away.
- Be highly selective in giving addresses, telephone numbers, pictures, plate number, and description of motor vehicles.
- Conduct a thorough background investigation of personal/family drivers, household helpers, residential security guards, and other workers.

RP [Republic of the Philippines]-Pakistan relationship

In Camp Crame, Alunan and Pakistani Interior Minister Khan Babar met for more than an hour as part of the program to strengthen the Philippine-Pakistan working relationship in the fight against international terrorism and organized crime.

"We exchanged views as to how both countries are addressing specific problems on terrorism, drug trafficking, gun smuggling, and the like," Alunan told reporters after the meeting.

Alunan said he and Babar hope to sign today a memorandum of understanding that will set the parameters of the two countries' working relationship in the coming years.

Yesterday's meeting between Alunan and Babar was their second. Last April, Alunan was in Pakistan on invitation of the Pakistani Government.

Police officials described as "highly significant" the strengthening of RP-Pakistan relations due to the fact

that the two countries are now being used as staging points by international terrorists.

Ramzi Ahmad Yusuf, the notorious terrorist alleged to be behind the plot to assassinate Pope John Paul II during his visit to Manila in January, moved to Pakistan after he and his group were busted by Filipino intelligence agents.

Yusuf is facing criminal charges in the United States for the 1993 bombing of the World Trade Center.

Police Chief Discusses Arrested Pakistanis

BK2112072295 Quezon City Radio Filipinas in English 0230 GMT 21 Dec 95

[FBIS Transcribed Text] The government is ready to fight terrorists, with the country's various security agencies forming a joint front, President Ramos said yesterday. Mr. Ramos was reacting to reports quoting interviews with the Muslim extremist group saying they would strike in Metro Manila unless the seven suspected Pakistani terrorists earlier arrested were released. President Ramos told his weekly Malacanang press conference that the Armed Forces and the Philippine National Police [PNP] are working jointly to prevent any such occurrence, but should these take place anywhere, they are fully prepared for counter-acts and eliminate such threats in order to protect the public.

At the same time, the president revealed that the Philippines will sign shortly an extradition treaty with Pakistan. The proposed treaty, he said, has already been approved in principle following the recent visit here in the Philippines of the Pakistani Interior Minister Nasirullah Khan Babar.

In a related development, the Philippine National Police allayed fears of an assassination plot against foreign delegates to the Asia-Pacific Economic Cooperation Summit [APEC] in Subic in November next year. PNP Director General Ricaredo Sarmiento said they have not established a connection by any group to the reported plan to sabotage the fourth APEC meeting in November, allegedly hatched by foreign terrorists sympathetic to the Muslim fundamentalist movement.

Sarmiento said no such threat was uncovered during the investigations of the Pakistanis arrested in Bulacan last Saturday; two other Pakistani nationals arrested in a follow-up operation in Manila, Monday. Sarmiento said, and I quote, as far as our investigation is concerned there is no evidence linking the suspects to any assassination plot against the APEC delegates. However, we are still looking into their possible links with the Abu Sayyaf, unquote. He said, adequate security measures and precautions are being undertaken by the Philippine

National Police in coordination with the Armed Forces of the Philippines to thwart any move to disrupt the APEC Summit.

The seven suspects — Azfar Husain, Mohammad Zaid, Mujahid Khan, Mohammad Aslam, Mahmud Ali, Mohammad Mubin Khan, and Imtiaz Mohammad Yamin are now undergoing tactical investigation in Camp Crame. Five of the suspects were charged for illegal possession of explosives before the Department of Justice. At the same time, the Armed Forces of the Philippines mapped out plans to assist the Philippine National Police in its drive against urban terrorists and syndicated crime groups, particularly those operating in Metro Manila.

Brigadier General Benjamin Lebares, head of the Presidential Task Force on Intelligence and Counter-Intelligence said they have identified at least 163 suspected members of terror groups such as the Muslim extremist Abu Sayyaf, the communist liquidation squad Alex Boncayao Brigade. He said, and I quote, we are set to launch operations against these criminals and terrorist elements in due time, unquote.

The counter-terrorist offensive dubbed as Oplan Tugis [Operation Plan Hunt] were discussed yesterday during a military command conference in Camp Aguinaldo. In a letter of instruction issued to the various military commands, the Armed Forces of the Philippines, expressed alarm over the current stability and security situation in Metro Manila following the spate of crime incidents, the latest of which was the recent ambush-slayings in broad daylight of the three Filipino-Chinese businessmen.

It also noted the reported arrivals of local and international terrorist groups in the metropolis and the planned alliance of the Abu Sayyaf and the ABB or the Alex Boncayao Brigade.

These unwelcomed developments, if not contained, are expected to harm the country's newly emerging economy and drive away perspective and insecurity among ordinary peace loving citizens in the metropolis.

Officials Intensify Operations Against Terrorists

BK2112122095 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0945 GMT 21 Dec 95

[FBIS Translated Text] Today, Immigration and Deportation Commissioner Leandro Verceles ordered all embassies and consulates to tighten the issuance of visas to foreigners following the discovery that the seven Pakistanis who were arrested earlier on suspicion of being terrorists were carrying legal documentation.

Meanwhile, Transportation Secretary Jesus Garcia has called for an independent assessment on the security at the Ninoy Aquino International Airport.

Here is an additional report from Maki Pulido. Come in, Maki:

[Pulido] No single Asia-Pacific Economic Cooperation [APEC] delegate will back out from the summit amidst reports that some terrorists will sabotage the event. This was revealed by retired General Lisandro Abadia, head of the APEC Preparatory Committee. According to Abadia, they are undertaking intensive intelligence operations to thwart the terrorists' threat.

Nineteen world leaders are expected to attend the APEC summit that will be held in Subic.

In the meantime, Defense Secretary Renato De Villa put down the terrorists' threats. De Villa said the terrorists' activities would not affect the security of the country.

[Begin De Villa recording, in English] In terms of our national security, in terms of our overall stability, this can be a disturbance. But it cannot attain the same magnitude as that which have been posed by the CPP-NPA [Communist Party of the Philippines- New People's Army] in the past. [end recording]

General Ruperto Ambil, head of the Armed Forces of the Philippines Southern Command, said the Abu Sayyaf is taking advantage of the cease-fire agreement by training with MNLF [Moro National Liberation Front] members.

Ambil admitted that some of the Abu Sayyaf members might have left for Manila to resume their operations there.

[Begin Ambil recording, in English] If you're talking of the terrorists moving from Mindanao to Manila, that is also probable. [preceding four words in Tagalog] Probably, individuals, small groups. Actually, we [?cope] with other terrorists here in Metro Manila or other areas. [end recording]

Authorities Discuss Terrorism; Police Comment

BK2112014395 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 20 Dec 95

[FBIS Translated Text] AFP [Armed Forces of the Philippines] intelligence confirms that terrorist attacks could happen at any time. At the command conference held by the police and the military at Camp Aguinaldo yesterday [20 December], the officers said they are ready for any attack. They are also ready to combine forces to suppress the terrorists:

[Begin recording, in progress] [Colonel Jessie James Catral, identified by caption, in English] ...of intelligence, counterintelligence, of a counteraction operations, and psychological operations. So basically, we will be involving here the intelligence units, (ISAC)

[expansion unknown] primarily, and the major service intelligence. [end recording]

According to PNP [Philippine National Police] Chief Ricaredo Sarmiento, the Abu Sayyaf has joined the international terrorists. He added that most of the Muslim terrorists are sent to other countries for training. On the other hand, Sarmiento admitted they do not have strong evidence against the seven Pakistanis arrested earlier to link them with reported plans to disrupt the APEC [Asia-Pacific Economic Cooperation] summit.

President Ramos is set to confer with police and military officers to ensure the prevention of any violence by terrorists against government agencies.

Press Review on Pakistani Terror Suspects, Threat

*BK2112062595 Manila PNA in English
1312 GMT 20 Dec 95*

[From the Press Review — received via Internet]

[FBIS Transcribed Excerpt] Manila, Dec. 20 (PNA) — Following are the top stories and excerpts of commentaries in the major English-language Philippine newspapers today: [passage omitted]

BULLETIN — Pakistanis' police record bared; 2 facing criminal raps

Two of the arrested Pakistanis are facing criminal charges, including murder, in Pakistan and are members of an international terrorist organization composed mostly of Pakistanis, military intelligence sources said yesterday...

Intelligence reports said that Mujhid Khan and Mohammed Saeed, who both arrived here last month, claimed that they "are in the country to make a tour of the beautiful places."...

Military sources said that based on the testimony of Mubeen Khan, Saeed is being hunted by the Central Intelligence Agency [as received] for terroristic activities and killing a policeman in Pakistan... He also said that Mujhid Kahn is the most wanted person in Karachi for murder and terroristic activities...

STAR — Islamic group warns of jihad

A militant Islamic group warned yesterday that the Ramos administration is inviting jihad or holy war with the arrest of seven Pakistani nationals for alleged connections with an international terrorist group...

Sam Sudin Naim, spokesman for the Ak-Harakat Al Islamiya (AHA), said the seven Pakistanis are preachers of Islam and are not involved in any terrorist activity...

But the Philippine National Police (PNP) dismissed Naim's threat of a holy war...

"We are used to these threats," said Supt. [Superintendent] Arturo Lomibao, PNP spokesman. "We are confident we can address such threats as we have done in the past." ... [passage omitted]

Thailand

Official Warns of Losing U.S. GSP Privileges

*BK2112050195 Bangkok BANGKOK POST
in English 21 Dec 95 pp 15, 26*

[Report by Somphon Thapanachai]

[FBIS Transcribed Text] The United States may withdraw preferential tariffs from Thailand under the next version of the US Generalised System of Preferences [GSP] scheme.

Praphit Tantisira, an official at the Foreign Trade Department, said the third version of the GSP programme is scheduled to expire late next year, at which time it will be up for review by US officials.

This comes despite US President Bill Clinton not yet approving the programme which has already been passed by US Congress.

Ms Praphit said it is likely that preferences granted to Thailand would be withdrawn in light of the country being the second-biggest user of GSP privileges for US imports.

Thai goods account for 13% of the total amount of preferential tariffs granted under the GSP programme, second only Malaysia at 27%. Some 4,500 items are eligible for the GSP programme.

Thai exports to the US last year under the GSP scheme amounted to US\$2.48 billion out of a total export value of US\$9.45 billion, with an overall tariff reduction of US\$135.8 million.

The US plans to withdraw preferential tariffs from Malaysia in 1997, although it is possible that this may be accelerated due to the high growth of Malaysian exports to the US under the GSP programme.

In the case of Malaysian exclusion from the programme the Foreign Trade Department predicts Thailand will expect to gain market opportunities in the US for 25 product categories exported by Malaysia.

These include wooden products, machinery, toys and sports products, ceramics, electric appliances, gems and jewellery.

Ms Praphit said Argentina is also likely to face withdrawal of privileges because of its high per-capita income of about US\$7,290.

The GSP programme is aimed at building industrial development and exporting industries in Third World countries. Privileges are generally withdrawn once a country has achieved a certain level of economic and industrial performance.

Ms Praphit said another factor which might prompt the US to withdraw Thailand from the programme is the pace of liberalisation of the services sector. The US might cite slow progress, especially regarding entry into the Thai market of US insurance firms as a rationale to withdraw privileges.

The US also maintains conditions on the GSP programme which are contingent on a particular country providing market access to US firms in the areas of goods and services.

Ms Praphit said the withdrawal of Thai GSP privileges is still uncertain as several issues between the two nations have not been definitively resolved.

One issue outstanding is a US claim that Thailand does not offer sufficient protection of labour rights, specifically regarding Thailand's delay in amending the State Enterprise Labour Relations Act to give more rights to employees of state enterprises.

Meanwhile, the US may also look to withdraw GSP benefits from six products which have export values or market shares in the US higher than established ceilings.

Based upon US Customs Department data, three Thai exports which enjoy a market share higher than 50% are tantalum, two-way radios and integrated circuits used in aircraft instruments. Ovens, silver and electric fans have an annual export value higher than US\$75 million.

Foreign Trade Department director-general Pracha Charutrakunchai said Thai exporters should not rely on GSP privileges as benefits from both the US and the European Union will eventually be withdrawn in line with Thailand's economic development.

The department organised a seminar yesterday to educate Thai exporters about changes in the EU and US GSP programmes.

Foreign Trade Department official Somphop Theraumphon said that last year the EU GSP programme had been extended once already for EU imports of agricultural products. Given that the new programme has not been finalised, it is likely that the present system will be extended again for one year.

The existing programme grants GSP in the form of reduced tariffs on specific quotas of product imports.

Mr Somphop said the EU has already launched a new four-year GSP programme for industrial products, ending in 1998 and classifying products into four categories.

Very sensitive products will be granted a tariff reduction of 15%, sensitive products 30%, semi-sensitive products 65% and non-sensitive products 100%.

Six groups of Thai products — plastic and rubber, leather goods, garments, shoes, jewellery and other products — will have benefits withdrawn in January 1998.

As South Korea and Hong Kong face withdrawal of privileges in these same groups next year, Thai exporters are encouraged to take advantage of the situation by boosting exports in these categories over the next three years.

Editorial Views Impact of U.S. Budget Impasse

BK2112055195 Bangkok BUSINESS DAY in English
21 Dec 95 p 4

[Editorial: "U.S. Budget Showdown and Inappropriate Remedy"]

[FBIS Transcribed Text] Commenting on the partial shutdown of the U.S. government, Senate Majority Leader Robert Dole said: "You know, the zoo is closed but the Senate is open. That ought to tell you something."

The senator did not hesitate to say what the "something" might be. He said succinctly: "Maybe it ought to be the other way around."

Whether zoos, museums and parks in the U.S. stay open is of no particular interest to the rest of the world, and in a sense the entire U.S. budget episode seems very distant and immaterial to most of us. However, the psychological distance between U.S. financial matters and the world's markets is razor thin, and within that narrow confine lies a panic button.

Wall Street earlier this week went into a sudden tailspin not because of any shocking economic news but in reaction to the budget impasse. And since it is practically inconceivable that the U.S. government would default on its debts because of the budget showdown, the jitter can only be attributed to unfounded fears.

The long reaches of the U.S. economy do not stop where the boundaries of domestic politics are situated, and so the inseparable relationships between politics and

the world economies should be considered by the U.S. leaders as they tussle over what are admittedly profound issues of the proper role of government in society.

These profound issues include the appropriate size and power of the federal government, the extent to which social safety nets — particularly programs for the poor and the elderly — should be the central government's responsibility, and the time period within which the budget should be brought into balance. In practical political terms, the bases of voter support for the Democrats and the Republicans are becoming more polarized as rising income inequalities lead to even deeper social separation.

Given the depth and extent of the problems to be solved, trying to find a workable solution and a compromise through a budget showdown seems woefully inappropriate. The issues are far too important to be left to a contest of will between U.S. President Bill Clinton and House of Representative Leader Newt Gingrich. There needs to be a broader framework within which the will of the people finds expression and gives clear direction to the political leaders.

Unfortunately, the people themselves do not often speak in a clear and united voice, and in fact the deep social divisions have gotten even harder to rectify, particularly in light of an unrelenting tide of conservatism which has caused the schism to widen. All the same, it is imperative for the U.S. leaders to find a common ground. As admiring as the rest of the world may be of American economic achievements, it is in the far more important area of social equity and justice that the U.S. must set an example for the world.

Obstacles to Foreign Policy Objectives Viewed

BK2112122395 Bangkok THE NATION in English
21 Dec 95 p A5

[Article by "The Regional Desk"]

[FBIS Transcribed Text] Foreign Minister Kasem S. Kasemsi was candid in admitting early this month that the current political condition in Thailand made it difficult for the country to respond quickly to challenges and opportunities brought on by increasing regional integration.

The minister also pointed out that while Thailand had been pushing for the creation of "One Southeast Asia", internal political conflicts had battered the government's image, making it almost impossible for Thailand to fulfil that objective.

He cited fishing disputes with Malaysia as one of the challenges facing the country. Another was what he described as deteriorating bilateral relations with Burma.

Thailand's foreign policy was good, he reiterated, but due to the internal conflicts and disjointed working mechanism it was difficult to identify its priorities and objectives.

Before entering politics, Kasem had served for almost three decades in Saranrom Palace [Foreign Ministry]. Coming from the horse's mouth, his comments should be taken seriously as they represent some of the most disturbing aspects of Thailand's foreign policy.

Since he was appointed foreign minister under the banner of the Nam Thai Party not long ago, Kasem has been trying to move Thailand's foreign policy forward, knowing full well that his service would be brief given his status as a non-elected MP coupled with the unpredictability of coalition politics in Bangkok.

During the past few months, Thailand has been able to improve ties with Cambodia and Laos, its two closest neighbours. In past years, border clashes and political conflicts, smuggling and illegal logging plagued the Thai-Cambodian relationship. Now the two governments are tackling these issues by establishing various mechanisms such as the joint border commission and joint working groups involving local authorities and military personnel. They hope that these bodies would not only facilitate dialogues when border mishaps occur but also help prevent further conflicts.

Laos and Thailand have begun to enjoy the fruits of close cooperation and friendship — from the seeds that were sown in 1979 under former Prime Minister Kriangsak Chamanan. It is the first time in the annals of modern Thai-Lao relations that the level of mutual mistrust has been so low and the level of comfort so high. More effort is needed to strengthen mutual confidence, especially as Laos is opening up for foreign investment and trade.

Thailand's improved relations with Laos and Cambodia represent a success story simply because of better understanding and coordination between the provincial and central authorities as well as civilian and military leaders. Factors that used to influence the implementation of this policy were no longer active.

For instance, as Laos is more open, the Thai authorities and the military personnel taking care of the Thai-Laos border have to be more transparent and could not longer act as surreptitiously as before. In addition, the activities of anti-Lao resistance groups operating from the Thai side, which used to be the main thorn in Thai-Lao relations, have been greatly curtailed, thanks to a common understanding reached between the Foreign Ministry and military and security apparatus.

Relating to Cambodia, illegal log-cutting is decreasing as the government in Phnom Penh has better grips and control of the border areas near Thailand and the Thai traders now want clean contracts. The fraternal ties between the Khmer Rouge and Thailand are now history. Major business deals are now conducted with the Phnom Penh government.

Again, this is thanks to the common understanding reached between the Foreign Ministry and military and other security agencies.

In short, improvements in ties with Laos and Cambodia have been possible because of internal management of groups and factors that could hamper the policy's implementation. It would need an super lobbying effort and support to reach that level of cooperation. It would be impossible to hope that powerful self-interest groups, some of them elected politicians and military leaders, who control most of the Thai border business interests could be contained overnight. But it was a good start, nonetheless, in the case of Laos and Cambodia.

In fact, when Kasem highlighted the fishing problem between Thailand he was entering into a dangerous area. Since fishing is a multi-billion baht enterprises and one of Thailand's top three foreign currency earners, authorities and private sector interests would not release their powers even at the cost to the national interest.

The Foreign Ministry has been trying in vain for several years to regulate and negotiate fishing rights for the Thai trawlers, the world's sixth largest fleet, with nearby countries. But the fishing authorities and private fisheries prefer making their own deals or illegal fishing. They do not care whether their trawlers are seized or fishermen arrested. The value of the marine products they steal are worth a lot more.

Countries like Malaysia, Vietnam and Burma like to target Thai trawlers because they know well that the Thai trawlers would continue to fish illegally in their territorial waters. When serious incidents took place such as the recent cases involving Malaysia and Burma, bilateral ties are placed on a tightrope. Fuelled by arrogant remarks and nationalism, these incidents could easily get out of hand.

Each year, millions of dollars worth of fines are paid in exchange for Thai fishermen and trawlers. That was all right as long as the Thais are willing to go along and could afford the fines. The problem is, fish poaching is no longer about arrests or paying fines. Now those who involved are shooting at each other, which could lead to a major armed clash, especially in the high seas, faraway from the eyes and ears of their senior officials or central authorities.

Some suggestions were made to guard the Thai fishermen with armed naval patrol boats. It is a recipe for disaster which could turn a small incident into a big conflict. The navy's duty is protect the country's territorial waters and the Thai trawlers inside their territories.

Fishing disputes aside, the Thai businessmen have shown themselves willing to do anything to obtain concessions to Burma's abundant natural resources including bribing the authorities on both sides. So far, Rangoon has been very effective in using the divide and rule tactic in dealing with its former arch-enemy, using different promises and approaches to different policy-makers.

In the case of Malaysia, it is fortunate that Thailand and Malaysia have been members of Asean since its inception. Without the Asean framework, their long-standing fishing and border disputes could have deteriorated into something unmanageable. To improve these important ties, the two countries prime ministers must establish a rapport. The Thai political system, however, has yet to produce a full term prime minister, who can establish personal ties with a neighbouring prime minister.

The Thai-Malaysia disputes are no longer small incidents that can be dealt with effectively by the local authorities. Common understandings as a matter of policy must be reached between the highest authorities of Thailand and Malaysia, if future solutions to endemic problems are to be found.

As the region becomes increasingly integrated, Thailand is bound to lose out as there are so many hindrances that retard the implementation of outward-looking foreign policies. Kasem was absolutely right in saying that the Thai foreign policy is good, but carrying it out is another matter.

Colonels Reshuffle List Reported

BK2012134395 Bangkok NAE0 NA in Thai
14 Nov 95 p 12

[FBIS Translated Text] Army Order No. 590/1995

1. Col Chakkrit Chanthayani, assistant O-Ko [Expansion unknown] Army, to become staff officer attached to the commander.
2. Col Chongsak Phanitkun, section chief of Army Secretariat, to become assistant army secretary.
3. Col Phanom Banprakhon, section chief of Army Secretariat (drawing salary of level 4, 8th grade — 23,520 baht), to become section chief of Army Secretariat (drawing salary of level 5, 4th grade — 25,170 baht).

4. Col Surasak Phunsap, staff officer attached to Army Personnel Department, to become officer attached to Army Personnel Department.

5. Col Prayat Phothiawat, staff officer attached to Army Personnel Department, to become officer attached to Army Personnel Department.

6. Col Aphichai Phinsaikaew, deputy section chief of Army Personnel Department, to become staff officer attached to Army Personnel Department.

7. Col Amphon Phithakwong, staff officer attached to Army Personnel Department, to become officer attached to Army Personnel Department.

8. Col Waen Anan, assistance director of Army Intelligence Department, to become deputy director of Army Intelligence Department.

9. Col Damrongsak Phutphon, officer attached to Army Intelligence Department, to become assistant director of Army Intelligence Department.

10. Col Wiraphan Patthamanon, section chief of Army Intelligence Department, to become deputy commander of Army Intelligence School.

11. Col M.L. Prasopchai Kasemsan, deputy section chief of Army Intelligence Department, to become section chief of Army Intelligence Department.

12. Col Khet Lekkla, officer attached to Army Intelligence Department, to become section chief of Army Intelligence School.

13. Col Surasak Yunyasit, staff officer attached to Army Intelligence Department, to become officer attached to Army Intelligence Department.

14. Col Annop Sombathawi, officer attached to Army Intelligence Department, to become staff officer attached to Army Intelligence Department.

15. Col Sutthisak Thaiwat, section chief of Army Operations Department, to become deputy director of Army Operations Department.

16. Col M.L. Wibun Supradit, section chief of Army Operations Department, to become assistant director of Army Operations Department.

17. Col Suraphan Wongthai, staff officer attached to Army Operations Department, to become section chief of Army Operations Department.

18. Col Soraphot Nirandon, officer attached to Army Operations Department, to become section chief of Army Operations Department.

19. Col Napakon Pomsung, staff officer attached to Army Operations Department, to become officer attached to Army Operations Department.
20. Col Kitti Pathummat, deputy section chief of Army Operations Department, to become staff officer attached to Army Operations Department.
21. Col Narin Lakkhana, staff officer attached to Army Operations Department, to become officer attached to Army Operations Department.
22. Col Phaichayon Khathanchaoen, deputy section chief of Army Operations Department, to become section chief of Army Operations Department.
23. Col Prinya Yuakyen, staff officer attached to Army Logistics Department, to become officer attached to Army Logistics Department.
24. Col Chaolemkiat Phothongnak, staff officer attached to Army Logistics Department, to become officer attached to Army Logistics Department.
25. Col Chatthanu Wiriya, section chief of Army Logistics Department, to become staff officer attached to Army Logistics Department.
26. Col Manop Songphayom, deputy section chief of Army Logistics Department, to become staff officer attached to Army Logistics Department.
27. Col Somsak Wilasai, section chief of Army Civil Affairs School, to become officer attached to Army Civil Affairs School.
28. Col Wirat Hanphachonsuk, section chief of Army Civil Affairs Department, to become section chief of Army Civil Affairs School.
29. Col Surasak Kanchanarat, deputy section chief of Army Civil Affairs Department, to become section chief of Army Civil Affairs Department.
30. Col Phana Samitanon, staff officer attached to Army Civil Affairs Department, to become officer attached to Army Civil Affairs Department.
31. Col Sonchai Kaeonop, deputy section chief of Army Civil Affairs Department, to become staff officer attached to Army Civil Affairs Department.
32. Col Wongthep Supwongkhilai, staff officer attached to Army Comptroller-General Office, to become officer attached to Army Comptroller-General Office.
33. Col Natphatson Sunthonsima, staff officer attached to Army Comptroller-General Office, to become officer attached to Army Comptroller-General Office.
34. Col Wanchai Santikon, staff officer attached to Army Comptroller-General Office, to become officer attached to Army Comptroller-General Office.
35. Col Thakoengphon Khruahong, section chief of Army Comptroller-General Office, to become staff officer attached to Army Comptroller-General Office.
36. Col Phaichit Thianprasoet, deputy center director of Army Comptroller-General Office, to become center director of Army Comptroller-General Office.
37. Col Choloemkiat Chitphila, chief of education unit of Army Adjutant School, to become officer attached to Army Headquarters.
38. Col Somyot Phothong, section chief of Army Comptroller-General Office, to become chief of education unit of Army Adjutant School.
39. Col Chatchawan Khamkasem, deputy section chief of Army Comptroller-General Office, to become section chief of Army Comptroller-General Office.
40. Col Phatthana Sirisakhon, assistant director of Army Finance Department, to become deputy director of Army Finance Department.
41. Col Somsak Wathanaprachak, section chief of Army Finance Department, to become assistant director of Army Finance Department.
42. Col Sayan Thatsaniyarat, officer attached to Army Finance Department, to become section chief of Army Finance Department.
43. Col Warat Homniam, section chief of Army Finance Department, to become deputy director of Army Finance School.
44. Col Phiraphon Phunphothong, deputy section chief of Army Finance Department, to become section chief of Army Finance Department.
45. Col Chamnian Kamphaengsin, chief of education section of Army Finance School, to become officer attached to Military Circle 11 Command Headquarters.
46. Col La-ong Pho-udom, section chief of Army Finance Department, to become officer attached to Military Circle 11 Command Headquarters.
47. Col Sasithon Kanitthakun, section chief of Army Finance School, to become chief of education section of Army Finance School.
48. Col Phonphan Sukhanthanak, deputy section chief of Army Finance School, to become section chief of Army Finance School.

49. Col Rungrot Thanyasiri, officer attached to Army Reservists Department, to become officer attached to Army Headquarters.
50. Col Anan Yangyun, deputy section chief of Army Reservists Department, to become officer attached to Army Reservists Department.
51. Col Samai Klaoekla, section chief of Weapons Production Center, to become technical officer attached to Weapons Production Center.
52. Col Sutthichai Bunphithak, director of Ammunition and Grenade Production Factory, to become section chief of Weapons Production Center.
53. Col Ruangpanya Khopalasut, deputy director of Ammunition and Grenade Production Factory, to become director of Ammunition and Grenade Production Factory.
54. Col Bancha Nuanphet, deputy commander of Artillery Battalion 21, to become section chief of Weapons Production Center.
55. Col Montri Thammanat, assistant director of Army Auditing Office, to become deputy director of Army Auditing Office.
56. Col Chamlong Misaeng, section chief of Army Auditing Office, to become assistant director of Army Auditing Office.
57. Col Noppharat Chanmani, deputy section chief of Army Auditing Office, to become section chief of Army Auditing Office.
58. Col Sangwon Prasongsin, technician attached to Army Engineer Department, to become officer attached to Army Engineer Department.
59. Col Sommat Dipradit, deputy chief of staff of Engineer Division, to become technical officer attached to Army Engineer Department.
60. Col Akat Wongkoet, assistant commander of Ordnance Industrial Center, to become deputy commander of Army Ordnance School.
61. Col Prasoet Praphakdi, section chief of Ordnance Industrial Center, to become assistant commander of Ordnance Industrial Center.
62. Col Wichai Sakunchan, section chief of Army Ordnance Department, to become section chief of Ordnance Industrial Center.
63. Col Natthasak Wannothayan, officer attached to Army Ordnance Department, to become section chief of Army Ordnance Department.
64. Col Phoemsak Phetsotsin, section chief of Army Ordnance Department, to become deputy commander of Ordnance Industrial Center.
65. Col Thirawat Bunyapradap, section chief of Ordnance Industrial Center, to become section chief of Army Ordnance Department.
66. Col Bamroe Diyuatying, deputy section chief of Army Ordnance Department, to become section chief of Ordnance Industrial Center.
67. Col Suriphon Khunathai, physician attached to Army Medical Department, to become officer attached to Army Medical Department.
68. Col Yotphon Saenphot, expert attached to Army Medical Department, to become officer attached to Army Medical Department.
69. Col Sombat Kasem-osot, physician attached to Phramongkutklao Hospital, to become officer attached to Army Medical Department.
70. Col Kanokphan Praphaitrakun, physician attached to Phramongkutklao Hospital to be officer attached to Army Medical Department.
71. Col Sumitra Chaiyasena, expert attached to to Army Medical Department, to become officer attached to Army Medical Department.
72. Col Surin Phothiphunsak, lecturer attached to Phramongkut Medical College, to become officer attached to Military Circle 11.
73. Col Woraphong Khonmiphon, lecturer attached to Phramongkut Medical College, to become physician attached to Army Medical Department.
74. Col Bunchua Somtua, section chief of Phramongkutklao Hospital, to become expert attached to Army Medical Department.
75. Col Praphan Suwannapraphip, deputy section chief of Army Medical Department, to become physician attached to Phramongkutklao Hospital.
76. Col Nonglak Chanthadisai, general physician attached to Phramongkutklao Hospital, to become physician attached to Phramongkutklao Hospital.
77. Col Suphachai Intharapricha to become expert attached to Army Medical Department and acting director of Ingkhayutthaborihan Camp's Hospital.
78. Col Thawisak Buranawut, officer attached to Army Medical Department, to become lecturer attached to Phramongkut Medical College.

79. Col Itsarachai Chunlamok, section chief of Phramongkutklao Hospital, to become deputy director of Phramongkutklao Hospital.
80. Col Sahachai Phiphitkun, lecturer attached to Phramongkut Medical College, to become section chief of Phramongkutklao Hospital.
81. Col Phonthita Chai-amnuai, physician attached to Phramongkutklao Hospital, to become lecturer attached to Phramongkut Medical College.
82. Col Bunsu Itsarangkun na Ayutthaya, deputy director of Education Division of Phramongkut Medical College, to become deputy director of Phramongkut Medical College.
83. Col Chusin Khunathai, assistant director of Phramongkutklao Hospital, to become deputy director of Education Division of Phramongkut Medical College.
84. Col Bunloet Chanpraphat, section chief of Phramongkutklao Hospital, to become assistant director of Phramongkutklao Hospital.
85. Col Chittanan Wiranarong, deputy section chief of Phramongkutklao Hospital, to become section chief of Phramongkutklao Hospital.
86. Col Phromphong Phirabun, lecturer attached to Education Division of Phramongkut Medical College, to become section chief of Phramongkutklao Hospital.
87. Col Phonsi Khitchop, section chief of Phramongkutklao Hospital, to become lecturer attached to Education Division of Phramongkut Medical College.
88. Col Chairat Thammasarathun, assistant director of Ananthamahidon Hospital, to become deputy director of Ananthamahidon Hospital.
89. Col Worawet Thawiwutthisap, section chief of Ananthamahidon Hospital, to become assistant director of Ananthamahidon Hospital.
90. Col Aphisak Chongrak, deputy section chief of Phramongkutklao Hospital, to become section chief of Phramongkutklao Hospital.
91. Col Phiwat Posayanon, lecturer attached to Education Division of Phramongkut Medical College, to become section chief of Army Medical Department.
92. Col Sitthichai Thammasanong, deputy section chief of Phramongkutklao Hospital, section chief of Phramongkutklao Hospital.
93. Col Renu Pathummani, acting section chief of Army Nursing College, to become section chief of Army Nursing College.
94. Col Phrai Klaoelotthuk, officer attached to Army Medical Department, to become section chief of Army Nursing College.
95. Col Thaklao Kesonmala, deputy commander of Army Transportation Department School, to become deputy director of Army Transportation Department.
96. Col Wira Santitham, assistant director of Army Transportation Department, to become deputy commander of Army Transportation Department School.
97. Col Marut Suwatnanon, chief of staff of Army Transportation Department, to become assistant director of Army Transportation Department.
98. Col Thani Kao Ophat, section chief of Army Transportation Department, to become chief of staff of Army Transportation Department.
99. Col Tosak Khongmuang, section chief of Army Transportation Department School, to become section chief of Army Transportation Department.
100. Col Supraket Siriphan, officer attached to Army Transportation Department, to become section chief of Army Transportation Department School.
101. Col Pramuan Suphakamnoet, section chief of Army Transportation Department, to become commander Transport Division, Royal Guard.
102. Col Narong Phunsawat, section chief of Army Transportation Department, to become director of Army Transport Division.
103. Col Sutham Limyingcharoen, section chief of Army Transportation Department, to become director of Army Transport Division.
104. Col Wichin Khamsin, assistant director of Army Signal Department, to become deputy director of Army Signal Department.
105. Col Witthaya Ngamkala, chief of staff of Army Signal Department, to become assistant director of Army Signal Department.
106. Col Anek Satrawut, deputy commander of Army Signal School, to become chief of staff of Army Signal Department.
107. Col Narongrit Pomsung, section chief of Army Signal Department, to become deputy commander Army Signal School.
108. Col Kasem Akatwiphat, deputy section chief of Army Signal Department, to become section chief of Army Signal Department.

109. Col Chitsak Prasoet, section chief of Army Signal School, to become officer attached to Army Signal Department.

110. Col Wichit Thanphong, officer attached to Army Signal Department, to become section chief of Army Signal School.

111. Col Wimon Ngaophitsadan, deputy section chief of Army Science Department, to become scientist attached to Army Science Department.

112. Col Suthon Klin-adung, chief of staff of 2d Infantry Division, to become deputy commander of 2d Infantry Division.

113. Col Charin Wongprakop, deputy chief of staff of 2d Infantry Division, to become chief of staff of 2d Infantry Division.

114. Col Amnuai Hongthong, commander of Logistics Department of 9th Infantry Division, to become deputy commander of Phet Buri Military District.

115. Col Chalophon Sinuandi, deputy commander of Logistics Department of 9th Infantry Division, to become commander of Logistics Department of 9th Infantry Division.

116. Col Suthon Katsuwan, commander of Logistics Department of First Army Region, to become deputy commander of Army Support Command 1.

117. Col Methi Sithong, deputy director of Public Relations Department of First Army Region, to become director of Logistics Division of First Army Region.

118. Col Sunthon Khamkhomkun, commander of Artillery Battalion 9, to become deputy commander of Military Circle 14.

119. Col Phongsiri Sawetserani, officer attached to Army Headquarters, to become commander Artillery Battalion 2, Royal Guard.

120. Col Wiraphon Thephatsadin na Ayutthaya, director of First Army Region's Ranger Unit, to become director Civilian Affairs of First Army Region.

121. Col Chatchai Thawonbut, chief of staff of Army Support Command 1, to become commander of First Army Region's Ranger Unit.

122. Col Thiti Sangsomwong, commander of Logistics Control Center of Army Support Command 1, to become chief of staff of Army Support Command 1.

123. Col Wilat Yenbamrung, deputy chief of staff of Army Support Command 1, to become commander of Logistics Control Center of Army Support Command 1.

124. Col Chiradet Mokkahasamit, deputy commander 1st Infantry Battalion, to become commander of 1st Infantry Battalion.

125. Col Chirasit Kesakomon, deputy commander of 1st Infantry Battalion, to become staff officer attached to the commander.

126. Col That Wichailakkhana, commander of Infantry Battalion 122, to become to deputy commander of Infantry Division 12.

127. Col Churin Ruangtham, commander of Ranger Unit 26, to become commander of Infantry Battalion 122.

128. Col Sathaphon Thanarak, commander of Public Relation Department of Second Army Region, to become deputy commander of Army Support Command 2.

129. Col Kraisa Prasotwong, commander of Second Army Region's Ranger Unit, to become commander of Public Relations Department of Second Army Region.

130. Col Athikhom Tanloet, commander of Nakhon Phanom Military District, to become commander of Second Army Region's Ranger Unit.

131. Col Somsak Thawonsiri, staff officer attached to the commander, to become commander of Nakhon Phanom Military Commander.

132. Col Wutthichai Krabuanrat, chief of staff of Military Circle 24, to become deputy commander of Military Circle 24.

133. Col Thawi Thanrak, deputy chief of staff of Military Circle 24, to become chief of staff of Military Circle 24.

134. Col Suchat Phakdiphinit, chief of staff of Sixth Infantry Division, to become deputy commander of Sixth Infantry Division.

135. Col Thanit Niphan, officer attached to Army Headquarters, to become chief of staff of Sixth Infantry Division.

136. Col Sakchai Thim-udom, chief of staff of Military Circle 21, to become officer attached to Army Headquarters.

137. Col Nippon Thiraphong, officer attached to Military Circle 21, to become chief of staff of Military Circle 21.

138. Col Charoen Netphae, deputy commander of Military Circle 31, to become deputy chief of staff of Third Army Region.

139. Col Dusit Sikhanthoknak, chief of staff of Army Support Command 3, to become deputy commander Military Circle 31.
140. Col Phitthaya Wimasin, chief of staff of Development Division 2, to become chief of staff of Army Support Command 3.
141. Col Sangkhom Chantham, deputy chief of staff Development Division 3, to become chief of staff of Development Division 3.
142. Col Chen Khirithawip, deputy commander of Military Circle 33, to become deputy commander Military Circle 32.
143. Col Thawat Charuklat, deputy chief of staff of Third Army Region, to become deputy commander of Military Circle 33.
144. Col Somphong Intharapradit, deputy commander of Phayao Military District, to become deputy chief of staff of Third Army Region.
145. Col Sommai Wongmak, commander of Infantry Battalion 7, to become deputy commander of Phayao Military District.
146. Col Thawatchai Watthana, director of Intelligence Division of Third Army Corps, to become commander Infantry Battalion 7.
147. Col Panya Thepwan, deputy chief of staff of Infantry Division 4, to become director of Intelligence Division of Third Army Corps.
148. Col Esia Wongsawat, director of Intelligence Division of Third Army Region, to become deputy commander of Uttaradit Military District.
149. Col Sombun Iam-ophat, deputy director of Military Intelligence Division, to become director of Intelligence Division of Third Army Region.
150. Col Wirot Suwaphap, commander of Nan Military District, to become deputy commander of Uttaradit Military District.
151. Col Krairoek Khanthongkham, deputy commander of Cavalry Battalion 2, to become commander of Nan Military District.
152. Col Pho-asa Thongngamkham, director of Civilian Affairs Division of Third Army Corps, to become deputy commander of Military Circle 31.
153. Col Samphan Chaengchetwet, chief of staff of Army Support Command 4, to become deputy commander of Chumphon Military District.
154. Col Niwat Buranakun, director of Logistics Division of Fourth Army Region, to become chief of staff of Army Support Command 4.
155. Col Chirasak Woracheran, deputy director of Logistics Division of Fourth Army Region, to become director of Logistics Division of Fourth Army Region.
156. Col Pling Damrisathonlamak, director of Fourth Army Region's Ranger Unit, to become deputy commander of Army Support Command 4.
157. Col Phatson Wichitkan, deputy commander Infantry Battalion 5, to become commander of Fourth Army Region's Ranger Unit.
158. Col Wanchai Suksi, chief of staff of Development Division 4, to become commander of So.Tho. [Expansion unknown] Military District.
159. Col Kasikon Khirisi, chief of staff of Military Circle 42, to become chief of staff of Development Division 4.
160. Col Phichai Khrutwecho, chief of staff of Military Circle 41, to become chief of staff of Military Circle 42.
161. Col Akkhawut Phothiphaet, commander of So. Tho. [Expansion unknown] Military District, to become chief of staff of Military Circle 41.
162. Col Chalomsak Sirisukha, commander of Ro. Pho. So. 4 [Expansion Unknown], to become deputy chief of staff of Special Warfare Command.
163. Col Pamuk Uthaichai, chief of staff of Special Warfare Center, to become commander of Ro.Pho.So. 4 [Expansion unknown]
164. Col Nonkasem Khamkasem, deputy commander of Ro.Pho.So. 1 [Expansion unknown]
165. Col Chanchai Sithongsuk, section chief of Special Warfare Center, to become officer attached to Special Warfare Center.
166. Col Phanlop Phonphok, deputy commander of Ro.Pho.So 4 [Expansion unknown], to become section chief of Special Warfare Center.
167. Col Athit Sirithon, deputy commander of Army So-Po-Pho-O [Expansion unknown], to become deputy commander of Anti-aircraft Artillery Division.
168. Col Yongyut Krotchamrun, chief of staff of Anti-aircraft Division, to become deputy commander of Army So-Po-Pho-O [Expansion unknown].
169. Col Phonchai Kranloet, intelligence chief of Air Operation Unit [No-Po-O], to become chief of staff of Anti-artillery Division.

170. Col Ruangsak Thongdi, deputy commander of Anti-artillery Division 2, to become intelligence chief of Air Operation Unit.
171. Col Chatri Phatphan, commander of Artillery Battalion 71, to become deputy commander of Artillery Division.
172. Col Phicha Watthanathari, chief of staff of Artillery Division, to become commander of Artillery Battalion 71.
173. Col Sanitphan Thephasit, officer attached to Army Headquarters, to become chief of staff of Artillery Division.
174. Col Phanlop Tularat, deputy chief of Yo-So [Expansion unknown] of Artillery Division, to become deputy commander of Artillery Division.
175. Col Wiraphan Kettrat, deputy commander of Artillery Battalion 71, to become deputy chief of Yo-So [Expansion unknown] of Artillery Division.
176. Col Ritthichai Thaothong, commander of Infantry Battalion 1, Royal Guard, to become deputy chief of staff of Army Education Department.
177. Col Worawat Intharathat, commander of Army Operational Training Center (colonel payscale), to become commander of Army Operational Training Center.
178. Col Winai Maniwong, section chief of Field Forces Department, to become officer attached to Army Headquarters.
179. Col Tomon Kittisophon, officer attached to Phitsanulok Military District, to become section chief of Army Education Department.
180. Col Prayun Ditwit, section chief of Army Field Forces Department, to become officer attached to Army Headquarters.
181. Col Kamphon Witthayasanron, officer attached to Army Intelligence Department, to become section chief of Army Education Department.
182. Col Phichit Phisitnorasi, section chief of Army Education Department, to become officer attached to Army Headquarters.
183. Col Akhom Sangrung, deputy section chief of Territorial Defense Reservist Training Center, to become section chief of Army Education Department.
184. Col Amarit Sumano, section chief of Infantry Center, to become division chief of Infantry Center's School.
185. Col Suphanit Wirathian, division chief of Infantry Center's School, to become Section chief of Infantry Center's School.
186. Col Kan Sumano, section chief of Infantry Center's School, to become section chief of Infantry Center.
187. Col Roengyut Phrommobon, deputy commander of Cavalry School, to become deputy commander of Cavalry Center.
188. Col Somphong Wisetsang, section chief of Cavalry Center, to become deputy commander of Cavalry School.
189. Col Suraphon Suksomsathan, commander of Cavalry School, to become section chief of Cavalry Center.
190. Col Praphan Mai-iam, deputy section chief of Cavalry Center, to become commander of Cavalry School.
191. Col Amnuai Noiprasoet, deputy commander of Artillery School, to become deputy commander of Artillery Center.
192. Col Thirasak Wasikdiloc, commander of Artillery Battalion 21, to become deputy commander of Artillery School.
193. Col Suchin Muakkaeo, chief of staff of Artillery Center, to become commander of Artillery Battalion 21.
194. Col Prasoet Kasuwan, section chief of Army Psychological Operation Center, to become chief of staff of Artillery Center.
195. Col Suphachai Rattana, course director of Chulachomklao Royal Military Academy [CRMA], to become staff officer attached to the commander.
196. Col Sot Pathomchinda, deputy director of Military Studies of CRMA, to become director of Military Studies of CRMA.
197. Col Manit Dontrithai, section chief of Military Studies of CRMA, to become deputy director of Military Studies of CRMA.
198. Col Bancha Thanomthong, chief director of Military Studies of CRMA, to become section director of Military Studies of CRMA.
199. Col Saphrang Kanlayanamit, commander of CRMA Student Division, to become staff officer attached to the commander.
200. Col Charuk Malai, deputy commander of CRMA Student Division, to become commander of CRMA Student Division.

201. Col Kittiphong Ketkowitz, deputy commander of Second Infantry Battalion, Royal Guard, to become deputy commander of CRMA Student Division.
202. Col Nat Phithakchat, deputy section chief of Military Studies of CRMA, to become section chief of Military Studies of CRMA.
203. Col Ruangchai Inthanin, deputy section chief of Military Studies of CRMA, to become section chief of Military Studies of CRMA.
204. Col Seri Charuserani, deputy commander of Advanced Military Studies Institute, to become staff officer attached to the commander.
205. Col Chaisit Wangsi, director of Civilian Affairs Section of First Army Region, to become deputy commander of Advanced Military Studies Institute.
206. Col Suchat Phawangkhanan, director of Research and Development Section of Advanced Military Studies Institute, to become deputy chief of staff of Advanced Military Studies Institute.
207. Col Channarong Rotchan, lecturer attached to Administration Section of Army Command and General Staff College, to become director of Research and Development Section of Advanced Military Studies Institute.
208. Col Than Hemchinda, assistant director of Research and Development Section of Advanced Military Studies Institute, to become lecturer attached to Administration Section of Army Command and General Staff College.
209. Col Prasert Wichawon, officer attached to Advanced Military Studies Institute, to become assistant director of Research and Development Section of Advanced Military Studies Institute.
210. Col Phanumat Siwara, assistant lecturer attached to Administration Section of Army Command and General Staff College, to become assistant lecturer attached to Administration Section of Army Command and General Staff College [as published].
211. Col Chai Chukan, staff officer attached to the commander, to become officer attached to Army Headquarters.
212. Col Direk Ekachan, staff officer attached to the commander, to become officer attached to Army Headquarters.
213. Col Prawit Thangsi, staff officer attached to the commander, to become officer attached to Army Headquarters.
214. Col Chaloeiphon Suwanchinda, staff officer attached to the commander, to become officer attached to Army Headquarters.
215. Col Pricha Dosuksi, staff officer attached to the commander, to become officer attached to Army Headquarters.
216. Col Chetsadang Chotikaphukkana, staff officer attached to the commander, to become officer attached to Army Headquarters.
217. Col Wanchai Thayoprakan, staff officer attached to the commander, to become officer attached to Army Headquarters.
218. Col Anek Sitthiwong, staff officer attached to the commander, to become officer attached to Army Headquarters.
219. Col Prasert Kraiangket, staff officer attached to the commander, to become officer attached to Army Headquarters.
220. Col Sanhawut Thaiwat, staff officer attached to the commander, to become officer attached to Army Headquarters.
221. Col Phatthanasak Kranloet, staff officer attached to the commander, to become officer attached to Army Headquarters.
222. Col Bunying Simuangwong, staff officer attached to the commander, to become officer attached to Army Headquarters.
223. Col Natthaphon Masakun, staff officer attached to the commander, to become officer attached to Army Headquarters.
224. Col Arnat Maroengsit, staff officer attached to the commander, to become officer attached to Army Headquarters.
225. Col Bunyarit Uttama, staff officer attached to the commander, to become officer attached to Army Headquarters.
226. Col Poramet Pomnak, staff officer attached to the commander, to become officer attached to Army Headquarters.
227. Col Wanchai Hemthanon, staff officer attached to the commander, to become officer attached to Army Headquarters.
228. Col Phalangkun Klahan, staff officer attached to the commander, to become officer attached to Army Headquarters.

229. Col Phatthanasin Sutsa-nguan, staff officer attached to the commander, to become officer attached to Army Headquarters.

230. Col Chusak Anuchonphan, staff officer attached to the commander, to become officer attached to Army Headquarters.

231. Col Phadung Bunma, staff officer attached to the commander, to become officer attached to Army Headquarters.

232. Col Rangsarn Rotphaithun, staff officer attached to the commander, to become officer attached to Army Headquarters.

233. Col Phinyo Thongsomchit, staff officer attached to the commander, to become officer attached to Army Headquarters.

234. Col Sophon Chunniyom, chief of Army Welfare Department, to become staff officer attached to the commander.

235. Col Nakhon Khamsunthon, deputy commander of 11th Engineer Battalion, to become staff officer attached to the commander.

236. Col Noppawat Wongsuwan, deputy director of Army Ordnance Section, to become staff officer attached to the commander.

237. Col Chittiphong Suwannaset, deputy chief of staff of Military Circle 12, to become staff officer attached to the commander.

238. Col Pricha Wannarat, deputy chief of staff of 9th Infantry Division, to become staff officer attached to the commander.

239. Col Chiradet Phuwanatnurak, deputy chief of staff of Military Circle 24, to become staff officer attached to the commander.

240. Col Chit Sonrak, deputy commander of Buriram Military District, to become staff officer attached to the commander.

241. Col Chumphon Pituthip, deputy chief of staff of Military Circle 23, to become staff officer attached to the commander.

242. Col Naret Nitsut, deputy commander Second Development Division, to become staff officer attached to the commander.

243. Col Ruangyot Chunniam, deputy commander Phetchabun Military District, to become staff officer attached to the commander.

244. Col Somsak Intharakamhaeng, deputy chief of staff of Military Circle 41, to become staff officer attached to the commander.

245. Col Phondet Narinkun na Ayutthaya, chief lecturer of So-Pho- So. So-So-Pho [Expansion unknown] School, to become staff officer attached to the commander.

246. Col Sukhum Phaphan, deputy commander of Infantry Battalion 161, to become staff officer attached to the commander.

247. Col Achinchai Kaeosa-at, deputy division director of Army Education Department, to become staff officer attached to the commander.

248. Col Suthep Phunbunsi, deputy commander Second Infantry Battalion, Royal Guard, to become staff officer attached to the commander.

249. Col Adirek Chanthakun, chief of Territorial Defense Reservist Training Center, to become staff officer attached to the commander.

250. Col Bunsup Khotcharat, officer attached Army Headquarters, to become staff officer attached to the commander.

251. Col Thiramon Roekbut, deputy intelligence chief of Special Warfare Unit, to become staff officer attached to the commander.

252. Col Narong Charoenkhongsakun, deputy chief of staff of Special Warfare Center, to become staff officer attached to the commander.

253. Col Suraphon Khamprayun, officer attached to Army Headquarters, to become staff officer attached to the commander.

254. Col Thani Nonthaket, officer attached to Army Headquarters, to become staff officer attached to the commander.

255. Col Sudanan Watthanasukhon, officer attached to the commander, to become officer attached to Army Headquarters.

256. Col Temduang Chuchun, officer attached to the commander, to become officer attached to Army Headquarters.

257. Col Wongthip Wachirasan, deputy section chief of Army Welfare Department, to become officer attached to the commander.

258. Col Chongthanom Premwutthi, deputy section chief of Army Field Engineer Department, to become officer attached to the commander.

259. Col Wiraphon Kanithachat, deputy director of Military Vehicle Repair and Production Factory, to become officer attached to Army Headquarters.

260. Col Wira Ramkun, section chief of Army Ordnance Department, to become deputy director of Military Vehicle Repair and Production Factory.

261. Col Sisak Thoruangsai, deputy section chief of Army Ordnance Department, to become section chief of Army Ordnance Department.

262. Col Suthiraphan Sattabut, section chief of Military Vehicle Repair and Production Factory, to become officer attached to Army Headquarters.

263. Col Wirawit Khusamran, section chief of Army Ordnance Department, to become section chief of Military Vehicle Repair and Production Factory.

264. Col Phuwadon Waithayakun, deputy section chief of Army Ordnance Department, to become section chief of Army Ordnance Department.

265. Col Samiachok Sutthiwatnaruphut, deputy commander of Ninth Artillery Battalion, to become commander of Ninth Artillery Battalion.

266. Col Anuchit Intharasap, commander of Second Artillery Battalion, Royal Guard, to become staff officer attached to the commander.

267. Col Kamonsin Panuthai, staff officer attached to the commander, to become officer attached to Army Headquarters.

Issued on: 10 November 1995
(Signed) Gen Pramon Phalasin
Army Commander

Vietnam

Documents Reveal Suppression of Opposition Groups

96P30078A Tokyo YOMIURI SHIMBUN in Japanese
23 Nov 95 p 5

[Report by Hiroaki Murata: "Preventing the Danger of State Subversion; Responsible Vietnamese Bureau has Disbanded 85 Organizations; Secret work Behind the Scenes of Opening"]

[FBIS Translated Text] Hanoi, 22 November—Vietnam's organization responsible for public security confirmed that there are over 130 domestic opposition groups. Up to now, this organization has disbanded 85 of these groups. This was revealed by Vietnamese Ministry of Interior documents which have come into the possession of YOMIURI SHIMBUN.

These documents, in addition to stating that "it is necessary to prevent attempts to subvert the state," asserted the importance of secret work. Even though it makes diplomatic declarations of progress in its policy of opening, this reveals Vietnam's strong sense of vigilance toward the instability of the dictatorship of the Communist Party.

Heretofore, while Vietnam has maintained the position that there are no domestic opposition groups, these documents are the first description of opposition activities. This material, which was compiled by the Ministry of Interior in June 1995, proves that this position is nothing more than a facade.

According to this material, since the Doimoi policy of opening began in earnest in 1990, various types of bodies spontaneously emerged and were organized without the permission of the responsible authorities. There are over 130 organizations, divided into five types, that are trying to create social turmoil, including 1) counterrevolutionary organizations created by people associated with the former government of South Vietnam; 2) art and literature organizations which attack communist ideology; and 3) organizations using religion (Catholicism).

The Ministry of Interior, citing the maintenance of state security, compelled 85 of these organizations to disband, 33 people were arrested and several hundred were forced to write agreements stating they "will not engage illegal activities in the future."

Almost all of those with connections to the former government of South Vietnam worked for the military or police. "After the liberation of Saigon in 1975 counterrevolutionism was annihilated, but, these organizations have reassembled." They watched retrospective movies of the pre-1975 South, and created lists of names of overseas Vietnamese from which they could solicit financial support.

The materials point out the importance of "getting a handle on the activities of conspirators by means of scouting," and through warnings and exhortations, "selecting undercover workers from among the conspirators." In case reactionary materials are sent from overseas, "they must be delivered to the proper authorities."

Such things as the scale of all the organizations were not disclosed, but a news source in Hanoi pointed out "most of the organizations had several tens of members, but there were also some with 10 or fewer."

Concerning the question of how the responsible authorities were able to expose organizations that small, this same source said "In Vietnam there is a systematic secret information network. Antigovernment speech and conduct is immediately sensed."

According to a diplomatic source there, in July after normalization with the United States and after joining ASEAN, there was a conference in Vietnam, lead by the Ministry of Interior, concerning how to proceed with the public security policy. The hostility between those who wanted expanded diplomatic relations and those who wanted to maintain the dictatorship is expected to deepen in the future.

Defeat of 'Peaceful Evolution Strategy' Discussed

*BK2112052595 Hanoi Voice of Vietnam Network
in Vietnamese 1400 GMT 12 Dec 95*

["Topical Talk" feature by Station Editor Vu Dinh Vinh;
from the Vietnam People's Army program]

[FBIS Translated Text] Dear Comrades and Friends: We have recently witnessed the collapse of socialism in the Soviet Union and Eastern Europe. There were many reasons for this, the most important being the profound influence of the imperialists' peaceful evolution strategy. The imperialists and international reactionary forces are continuing to carry out the peaceful evolution strategy for the purpose of eliminating the remaining socialist countries, including Vietnam. One of the duties of life-and-death importance for us, therefore, is to defeat the imperialist peaceful evolution strategy.

What is the peaceful evolution strategy? What are their current plots and tricks? What should we do to defeat the peaceful evolution strategy? First, it is necessary to say that peaceful evolution is a strategic plot by the imperialists aimed at eliminating socialism and communism. They are using a combination of tactics to start quiet attacks from the inside, thus weakening socialism and leading to its collapse. Their objective is to take advantage of and exaggerate social crises to cause a political crisis, and from there to launch subversive violence to overthrow socialism and bring the country under their influence.

They strike at the political system as a whole — first at the party, then the state, Army, and security forces. They try to cause discord between the people and the party, between the people and the Army and public security forces, and between security officers and Army troops. They aim at all levels and sectors, with the main targets being young people, university students, intellectuals, and compatriots who are religious followers or belong to ethnic minorities. They also strike at leaders; command and staff agencies; policymaking agencies; and business, social, and mass organizations.

To realize their objective, the imperialist and hostile forces employ many tactics. These include political, economic, and diplomatic measures such as economic blockade and sabotage, nurturing and developing reac-

tionary forces, strengthening spy and intelligence activities, and supporting and directing reactionary organizations of Vietnamese exiles overseas.

The enemy pays special attention to the political, ideological, and cultural fronts. This is extremely dangerous, as they consider these measures the most important for causing profound and long-term effects. They reject socialism in all aspects, from the foundation of Marxism-Leninism to socialist realism. They deny the revolution under the party's leadership and launch propaganda to slander the path that Uncle Ho, the party, and our people have chosen, saying it was wrong and in discord with Vietnam's historic and social conditions. They incite dissidents and disappointed elements, encourage young people to turn their backs on history, and inspire division between ethnic groups and religions, thus damaging the national unity bloc. They take advantage of religions and devotional activities to urge people to act against the administration, thus causing instability and disorder and eventually leading to subversive violence.

They spread the accusation that Vietnam has not carried out political reforms and has no freedom and democracy in order to stir up demand for pluralism in politics and opposition in a multiparty political system and to scrap the Communist Party's leadership role in society. They used the human rights issue to accuse Vietnam of violating human rights when we tried and jailed some traitors who had conspired to overthrow the people's government, cause social disorder, violate traffic regulations, and so forth.

They spread pragmatism; cause the money-worshipping mentality; and propagate a pragmatic lifestyle that frees instincts and honors material pleasure, a lifestyle that contrasts with our traditional norms, damages our moral standards, and deteriorates our national traditions and characteristics. They distort reality to cause disunity and lower the prestige and leadership role of the party, thus lessening the people's trust in the party.

We can see that their main tactic is to boost the information influx from outside through the press and radio stations. At present there are over 10 radio stations broadcasting around the clock in the Vietnamese language aiming at Vietnamese listeners. There is even a radio station broadcasting in the evening in the languages of the ethnic minorities. There are hundreds of papers and magazines of various types published by the imperialist, reactionary, and hostile forces with the purpose of disseminating distorted information on Vietnam and causing confusion, division, and distrust.

They also exploit the written works of some penny-a-liners who act against their fatherland, dissidents who are deviated and degenerated, and ill-intentioned

newspaper articles that serve their conspiracy well. They attract a number of former artists, writers, and state employees to produce written works that distort the facts about the party, raising hope among these people of gaining rewards once the political situation changes.

The second maneuver of the peaceful evolution strategy is the practice of economic sabotage and isolation. If they fail in their attempts at sanctions and isolation, the hostile, imperialist forces switch to another front, which is to make use of our open-door policy of expanding external economic relations and take advantage of the business circles who come to do business with us. They find ways to make our economy become dependent on foreigners, weaken the state-managed economic sector to make it unable to take up the leading role, and encourage the private economic sector to veer its development away from the socialist path.

While doing business with us, they will try to seduce and set traps for some cadres who are in need to make them cooperate with them. Through investment and joint venture activities, they attract and buy off some cadres, turning them into little bosses, little capitalists who will serve them effectively.

The situation requires us to strengthen our sense of vigilance in the areas of economic security and economic management, especially regarding the establishments that do business with foreign partners.

At the same time, on top of the attempts to attack us on the political, cultural, ideological, and economic fronts, they never forget to use military threats and maneuvers to disturb us in the area of national defense and security. This is one of the important tricks of the peaceful evolution strategy, which is aimed at causing instability in security and social safety and order, thus weakening our national defense ability.

They try to set up and develop forces inside the country at the same time as organizing armed reactionary exiled groups. These exiled groups will combine forces with their domestic counterparts to conduct subversive activities when the opportunity comes. They also intensify spying and intelligence activities against the background of our expansion of diplomatic relations and external economic activities. Their activities are aimed at exploiting national defense and security secrets; causing distrust among foreigners; inciting conflicts, disputes such as land disputes, and discord among the people; and inspiring students to demand better study and living conditions. They buy off some deviant and degenerate elements to sabotage state premises and the stores of the state and the army, and so forth.

We need to be fully aware of these dangerous schemes and maneuvers so that we can work out measures to effectively counterattack and defeat the peaceful evolution strategy. I would like to review herewith some basic tasks to prevent and control the peaceful evolution strategy at the grassroots level.

In the peaceful evolution strategy, the enemy pays special attention to attacks on the political, ideological, and cultural fronts. To counter the attacks, each unit and locality should step up political education and strengthen the ideological guidance to help cadres and combatants understand thoroughly the situation and possess the correct viewpoint. By means of public media, including the press, radio stations, and television programs, as well as by word of mouth, meetings, and discussions, we should make everybody understand the policy and lines of the party and state, and make them recognize that only by following the socialist path will our people have true independence, prosperity, freedom, and happiness. We should consolidate the education in the revolutionary, national, and cultural traditions, and inspire pride in the national characteristics and attributes of Vietnamese people. Cadres, combatants, and people should be educated to know the enemy and to evaluate correctly the nature of capitalism; and from this basis they will determine for themselves that the path to socialism is the correct one, serving as a foundation for us to stand firm and counterattack the peaceful evolution strategy.

A very important point here is the demand to build party organizations and administrations at the grassroots level of villages, tribes, hamlets, wards as well as in military units into steadfast units in all political, ideological, and organizational fields. Party cells and chapters must be the key elements to create unity among people of all sectors and walks of life. All combatants should participate in the building of mass organizations such as the fatherland front, the war veterans association, the farmers association, the youth union, the women's union, the retired employees association, the senior citizens association, the youth and children's association, and so forth. The organizations should carry out effective activities that attract people of all strata, and should coordinate their activities under the uniform leadership of the party and administration.

The local armed force, security force, self defense militia force, and other people security forces should be made steadfast with high political qualities and efficiency to be the main forces to protect political security and social order and safety at the grassroots, and to remain vigilant and ready to repress all sabotage activities that violate local security and social order and safety. The local militia forces should coordinate

closely with army and local regular forces. Local administrations should pay attention to the management of households, regular residents, temporary residents, and temporary absentees. Activities to encourage a healthy cultural environment should be carried out in localities and military units. A new culture lifestyle must be built up. Regular education and current affairs programs should be given to cadres, combatants, local people, workers and employees in enterprises or state agencies, to help them understand the schemes and maneuvers of the peaceful evolution strategy of the hostile forces, and to strengthen their determination to heighten their sense of vigilance, to prevent the peaceful evolution strategy, and to contribute to the protection of the fatherland of socialist Vietnam and of the peaceful and happy life of each family, hamlet, and village.

Poland Writes Off Half of Vietnam's Debt

*BK1812131495 Hanoi Voice of Vietnam in English
1000 GMT 16 Dec 95*

[FBIS Transcribed Text] Poland has decided to write off half of Vietnam's debt of \$11.7 million. The written-off sum will be transferred into financial system for conservation and restoration of the imperial city of Hue in central Vietnam. The remaining debt will be paid in kinds by 1997.

Polish deputy prime minister, during his recent visit to Vietnam, said the repayment in kinds or services will be beneficial to Vietnamese companies and open Polish market to Vietnamese goods.

Prime Minister Appoints 19 Vice Ministers

96P30076

[FBIS Editorial Report] The 4 November Ho Chi Minh City TUOI TRE in Vietnamese reported on p.1 that on 26 October, Prime Minister Vo Van Kiet signed a decision to appoint 19 vice ministers for the three newly created ministries. They are: Nguyen Xuan Chuan, Le Quoc Khanh, Gia Tan Dinh, Nguyen Duc Phan, Le Huy Con, and Nguyen Minh Thong for the Ministry of Industry; Nguyen Quang Ha, Nguyen Thien Luan, Ngo The Dan, Vu Trong Hong, Nguyen Van Dang, Nguyen Gioi, and Phan Si Ky for the Ministry of Agriculture and Rural Development; and Tran Xuan Gia, Tran Dinh Khien, Vo Hong Phuc, Pham Gia Khiem, Do Ngoc Trinh, and Nguyen Nhac for the Ministry of Planning and Investment.

Central Bank Reviews Foreign Bank Operations

*BK2112050295 Hanoi VNA in English
1540 GMT 20 Dec 95*

[FBIS Transcribed Text] Hanoi VNA Dec. 20 — The operations of the foreign banks in Vietnam have increased over the years and recorded remarkable development in certain areas.

The announcement was made at a meeting held by State Bank here on Dec. 19 to review operations of foreign banks and operational directives for the Vietnamese banking sector next year.

The share at assets of the foreign banks (including foreign bank branches, joint-venture banks and representatives of foreign credit institutions) in the country increased from seven percent at the end of last year to approximately 13 percent by October 31, 1995. This marked an increase in overall assets of the banks by 74 percent over last year.

The foreign banks also increased their mobilisation of deposits considerably (70 percent over Dec. 31, 1994 by October 31, 1995) with the share of term deposits accounting for 43 percent.

The foreign banks conducted market research to promote credit operations on the basis of their increased capital, and have increased their share of outstanding credit in the whole sector from 9.5 percent at the end of last year to 12.2 percent this year.

Credit outstanding has in fact increased in a stable manner, accounting for 60 percent of the assets and about 100 percent of the mobilised resources. Though the lending has been mainly short term, the share of medium and long-term credit has reached 28 percent of the total.

Credit extension to Vietnamese economic institutions continues to take up a major share and has increased to 55 percent of the total outstanding credit.

The interest of the foreign banks in the development of credit institutions in Vietnam is reflected in their active participation in domestic and foreign exchange inter-bank markets. Credit granted to local banks by foreign banks has increased by 27.8 percent over last year.

The operations of foreign banks in export and import financing and international settlement has also increased with the total cash flow through the foreign banks increasing over two and half times over 1994 and a similar increase reflected in the payment volumes in terms of LCs. [letter of credits]

Many branches of foreign banks in the country are developing new instruments and products to expand and

diversify their services towards creating preconditions for the development of the money market in the country.

Representative offices of foreign banks have also made important contributions to the banking sector. In particular, a foreign bank increased its total credit ceiling to Vietnamese banks to over USD 130 million through its office.

Some foreign banks, however, have lagged far behind others in mobilising resources, in spite of having entered the country much earlier.

A number of foreign banks have violated regulations on foreign exchange management and lending foreign currency due to a lack of understanding of Vietnamese laws and regulations and of coordination with relevant local agencies to gain better knowledge of banking regulations. The State Bank notes in particular that its stipulations have been ignored by certain banks that have set higher interest rates and fees.

Visit of CPC Delegation Reported

*BK2112035095 Hanoi VNA in English
1227 GMT 20 Dec 95*

[FBIS Transcribed Text] Hanoi VNA Dec. 20 — A delegation from the Communist Party of China (CPC) headed by Jia Qinglin, member of the CPC Central Committee and secretary of the party committee of the province of Fujian, has paid a working visit to Vietnam as guest of the Communist Party of Vietnam Central Committee (CPVCC).

While here, the Chinese guests were received by Pham The Duyet, Politburo member and secretary of Hanoi's party committee and held talks with Phan Dien, member of the CPVCC and head of the Central Office.

The visit is aimed at examining Vietnam's situation, achievements and experiences in the renovation process, party building as well as the possibilities of developing trade ties among localities in Vietnam and China.

They also made a tour of some economic and cultural establishments in Hanoi, the port city of Haiphong, Ho Chi Minh City and Dong Nai Province during their visit.

President, Malaysian King Address State Banquet

*BK2112034995 Hanoi VNA in English
1303 GMT 20 Dec 95*

[FBIS Transcribed Text] Hanoi VNA Dec.20 — The following are excerpts from speeches delivered by state President Le Duc Anh and visiting Malaysian King Agong Tuanku Ja'afar at a state banquet given yesterday evening in honour of the Malaysian monarch and his entourage.

The Vietnamese president said: 'On behalf of the Vietnamese state and people, I warmly welcome the Malaysian king and queen and other distinguished guests who bring to the Vietnamese people friendly and neighbourly sentiments from the Malaysian people. We are glad to note that together with visits by high-level delegations of the two countries, this Vietnam visit by the Malaysian king marks a new step in development of the Vietnam-Malaysia friendly and cooperative ties. The state and people of Vietnam highly value the king's visit with sincere wishes for its success.

In welcoming the Malaysian king, we would like to express our admiration for the Malaysian people in the glorious achievements they have recorded in their national construction and development. Nowadays, Malaysia is widely known with high respect as a country which has posted high economic growth rate and built a healthy society imbued with national characteristics. Malaysia is also respected for its initiatives and contributions to peace and cooperation among nations in the region as well as the world at large. We believe that with the present development impetus the industrious and creative Malaysian people will successfully implement the plan 'Vision 2020', bringing beautiful Malaysia into an industrially developed country early next century.

We warmly welcome the king at a time when the Vietnamese people have recorded encouraging achievements in restoring and constructing the country which was exhausted by devastating and aggressive wars and a trade embargo over several decades. On the basis of these achievements, our people will concentrate efforts to successively implement the next five-year plan (1996-2000), laying pre-conditions to gradually build a prosperous, happy Vietnam for every family, commune and city throughout the country.

From as early as the foundation of the Democratic Republic of Vietnam (now the Socialist Republic of Vietnam), Vietnam has wanted to befriend all nations in the international community for independence, peace, cooperation and development. This is manifest in the independence declaration that President Ho Chi Minh solemnly read on September 2, 1945. Such aspirations have not been implemented until recently, after expending much effort and blood shed by the entire nation. Therefore, each Vietnamese respectfully fosters the friendship and cooperation between countries and nations with first priority given to neighbouring and regional countries. This was a strong reason for Vietnam becoming a full member of ASEAN.'

In reply, the king said: We are particularly delighted that our visit is the first by a head of state of Malaysia to the Socialist Republic of Vietnam. It testifies to the

growing friendship and demonstrates our admiration of and respect for a country that has against all odds, successfully fought for independence and national unity.

Despite the upheaval, as well as the immense destruction and human suffering inflicted by the wars, Vietnam has emerged as a strong and united nation. The resilience, courage and single minded pursuit of the Vietnamese people have few parallels in the annals of nation building. Malaysia salutes the tireless spirit displayed by Vietnam in achieving victory over foreign domination.

Our visit will no doubt deepen our understanding of Vietnam and her people. Malaysia appreciates the tremendous development taking place in the country and the vast potential that remains to be exploited. Vietnam has indeed risen to meet the various challenges it faces. The visionary efforts and pragmatic approach made by Vietnam to bring the country back on the road to rehabilitation and reconstruction are indeed commendable. We are confident that given the same spirit, hard work, unity of purpose and the readiness to undertake necessary adjustments, greater success and prosperity will be achieved in the years ahead.

We are pleased to see the growing ties between our two countries.

The Malaysian Government is giving particular emphasis to increasing bilateral trade and economic cooperation with Vietnam. We are glad to note the impressive growth registered in these two areas in the recent years. Total bilateral trade in 1994 stood at USD 260 million, whilst Malaysia's investment in Vietnam amounted to USD 836 million as at October this year. More can certainly be done by both sides to take advantage of the potential that exists. Malaysia looks forward to the further liberalisation and development of the Vietnamese economy to make it more conducive to foreign investment. In this regard the Malaysian Government is happy to share with Vietnam its experiences in the field of development. Malaysian entrepreneurs would also be encouraged to look towards Vietnam when expanding their business operations overseas. We are confident that success in our common endeavours, would contribute significantly to the long term benefit of our two countries.

Malaysia welcomes Vietnam's membership of ASEAN as a positive development in bringing us closer to the objective of an enlarged ASEAN and a united Southeast Asia. We are confident that significant contributions could be made by Vietnam, in collaboration with other ASEAN members in the interest of regional peace, security, and prosperity.

The unabated nuclear testings in the South Pacific, despite strong condemnation from the international

community, is a matter of serious concern to our government. Malaysia regards this as an important agenda for mankind. It is therefore vital for like-minded countries in the region such as Malaysia and Vietnam to continue to make our voice heard on this affair.

Party General Secretary Meets Malaysian King

*BK2112050495 Hanoi VNA in English
1600 GMT 20 Dec 95*

[FBIS Transcribed Text] Hanoi VNA Dec.20 — Party General Secretary Do Muoi had a meeting this afternoon with king His Majesty Yang Di-Pertuan Agong Tuanku Ja'afar Ibni Almarhum Abdul Rahman and other Malaysian distinguished guests who are on a four-day official visit to Vietnam.

Expressing pleasure at the socio-economic achievements recorded by the Vietnamese people in their on-going renovation process, the Malaysian monarch spoke highly of the Vietnamese party leader's visit to Malaysia last year — an event that has helped bring bilateral relations to a new height of development. He also noted that Vietnam's joining ASEAN would make the regional grouping stronger.

Party General Secretary Do Muoi took this opportunity to thank the Malaysian leaders, government and people for their strong support to Vietnam's national construction and its efforts to expand relations with other countries in the region.

Earlier the same day, the Malaysian king paid floral tributes to President Ho Chi Minh at his mausoleum and Vietnamese fallen heroes at the monument in Hanoi. He made a tour of the army museum and attended a meeting of Vietnamese and Malaysian business people. At the meeting, president of the Vietnam Chamber of Commerce and Industry Doan Duy Thanh said he hoped that Vietnam and Malaysia would closely cooperate in trade and development.

Meanwhile, the Malaysian queen toured a boarding school for children of fallen soldiers and the headquarters of the Women Union.

Malaysian King Luncheon With Business Leaders

*BK2112083095 Kuala Lumpur THE STAR in English
21 Dec 95*

[BERNAMA report — received via Internet]

[FBIS Transcribed Text] Hanoi — The Yang di-Pertuan Agong (paramount ruler) Tuanku Ja'afar yesterday attended a luncheon reception with 12 Vietnamese key business leaders.

The 12 included the chief executives of state-run banks, telecommunications, power, tourism, import-export, cement and real estate companies.

The meeting, arranged by the Malaysian Embassy here, befitted the expressed desires of the King and Vietnamese President Le Duc Anh for the two countries to enter a higher development stage through further co-operative endeavours.

The King said at a state banquet in his honour here on Tuesday that the Malaysian Government was giving particular emphasis to increasing bilateral trade and economic co-operation with Vietnam.

The King had also said that the Malaysian Government was encouraging Malaysian entrepreneurs to look towards Vietnam when expanding their business abroad.

The Vietnamese government announced recently that it needed another U.S.\$20 billion (RM [Malaysian ringgit] 51 billion) in foreign investment until the year 2000 and was striving for an annual economic growth of nine to 10 per cent.

As of October, Malaysia's investment in Vietnam amounted to U.S.\$835 million (RM 2,140 million).

Yesterday was the second day of the King and Raja Permaisuri Agong [paramount ruler's consort] Tuanku Najihah's five-day state visit to Vietnam.

The King also performed the customary wreath-laying at Vietnam's Heroes and Martyrs' Monument and paid his respects to the embalmed remains of Vietnam's founding leader, the late Ho Chi Minh.

Malaysian King's Visit to Vietnam Applauded

*BK2112122195 Hanoi Voice of Vietnam in English
1000 GMT 19 Dec 95*

[Station Commentary]

[FBIS Transcribed Text] As reported earlier, His Majesty Tuanku Abdul Rahman and Queen Najihah of Malaysia arrived in Hanoi Tuesday [19 December] morning on a four-day official friendly visit to Vietnam. The visit is one that manifests the fine friendship and cooperation between Vietnam and Malaysia. Here is our radio editor's opinion:

It is the first visit by Malaysian Royalty to Vietnam since the two countries established diplomatic relations in 1973. It is also the first visit of a head state from an ASEAN member since Vietnam joined that group earlier this year.

Malaysia is a federal state comprising the Malay peninsula and many islands. Malaysia is a beautiful country with traditional culture and industrious people. Over the

last few years, under the leadership of King Tuanku Abdul Rahman and Prime Minister Mahathir Mohamed, the country has obtained extraordinary economic growth of between 8-9 percent. Its gross domestic product is over \$45 billion. These achievements have helped to bring Malaysia to the rank of an agro-industrial developed country. Per capita income last year reached \$3,230, surpassing Indonesia, Thailand, and the Philippines. In its national construction and development, Malaysia sets great store by its friendship and cooperation for Southeast Asian countries, particularly Vietnam.

Malaysia and Vietnam are both members of ASEAN, the Nonaligned Movement, and the United Nations. They are very similar in history and culture, both having a worthy role and position in the region and the world. These are favorable conditions for them to develop friendly and cooperative relations.

Recently, many important events have taken place in their bilateral relations. These include the visit to Malaysia by Prime Minister Vo Van Kiet and the visit to Vietnam by Prime Minister Mahathir Mohamed. Bilateral economic, scientific-technological, and cultural exchanges have been developing.

The visit to Vietnam by the Malaysian Royalty, which takes place right after the success of the Fifth ASEAN Summit is a good opportunity for leaders of the two countries to continue discussing orientations for further development of Vietnam-Malaysia relations. The visit is expected to further improve existing bilateral cultural and economic relations between the two countries.

Indian Government Delegation on Official Visit

*BK2112050695 Hanoi VNA in English
1600 GMT 20 Dec 95*

[FBIS Transcribed Text] Hanoi VNA Dec.20 — A delegation of the Indian Government led by deputy foreign minister Mr. K. Raghunandan was in Vietnam from Dec. 18-20 for the second session of the Indo-Vietnamese Joint Working Group.

During the session, the two countries' delegations reviewed the implementation of the minutes of the first session held in New Delhi last January, and discussed measures to expand bilateral economic, commercial, cultural, scientific and technological cooperation in the coming time.

They expressed their satisfaction at recent development of the multi-faceted cooperation between the two nations, especially in trade, agriculture and personnel training.

The Indian deputy foreign minister highly appreciated Vietnam's important achievements in the current year.

vation process and considered the two countries' economic reforms at present new favourable conditions for developing cooperation for mutual benefit.

The Indian guests paid courtesy calls on Deputy Prime Minister Tran Duc Luong and Foreign Minister Nguyen Manh Cam. They exchanged views with Finance Minister Ho Te and Health Minister Do Nguyen Phuong. They also had working sessions with the leadership of the ministries of trade, industry, agriculture and rural development.

Lao Officials Meet Party, Government Leaders

*BK2112050895 Hanoi VNA in English
1552 GMT 20 Dec 95*

[FBIS Transcribed Text] Hanoi VNA Dec.20 — Secretaries and deputy secretaries of Lao People's Revolutionary Party organizations in Laos' northern provinces headed by Boualan Dounpan-gna, member of the party Central Committee, has paid an eight-day visit to Vietnam.

The Lao party officials were received by General Secretary Do Muoi of the Communist Party of Vietnam (CPV) and worked with Dao Duy Tung, Politburo member and standing secretary of the CPV Central Committee, and Hong Ha, secretary and Head of the Commission for External Relations of the CPV Central Committee.

The Vietnamese party leaders assured the Lao party officials of Vietnam's unchanged policy to do its utmost to consolidate and develop the Vietnam-Laos special solidarity and all-round cooperation.

The Lao officials, for their part, expressed their pleasure at the Vietnamese people's recent achievements and renewed the Lao people's determinations to further develop the relations between Lao and Vietnamese countries as well as provinces.

They toured a number of economic and cultural establishments in Hanoi, Ho Chi Minh City, Thua Thien-Hue and Ba Ria-Vung Tau Provinces.

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